

FINANCIALTIM

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GENERAL-

Pope British

Pope John Part II will visit Britain probably in the summer of 1982, if was announced yes-

It will be the first visit to Britain by a reigning Pope, but will not include a visit to Northern Ireland

Northern Ireland:
Militant protestants responded angrily to the minouncement and the Rev. Int Paisley, Ulster MP, complained to Downing Street that the invitation was unconstitutional.

bishop of Westminster, and The Most Rev. Derek Worlock, Archbishop of Liverpool.

TUC warning

TUC leaders predicted that the new labour laws were certain to be disobeyed and that trade unionists would be jailed. Back Page: Union membership drop expected, Page 6.

Unity 'threat'

Labour Party Right-wingers said the National Executive Com-mittee posed the gravest threat to the party's unity and to the re-election of a Labour govern-ment. Back Page

Saudis hold back

Saudi Arabia will not press for changes in the specifications of F-15 aircraft on order from the U.S. until after the American presidential election, but it has not renounced its demand.

Tax proposals

Proposals to end alleged tax discrimination against women paper being drafted by the Treasury and Inland Revenue for publication soon.

TV jobs offer

One of Westward Television's rival bidders for the West Country commercial television ranchise area guaranteed Westward staff jobs if it won the contract. Back Page and Page 6

Smith campaign

ormer Rhodesian Prime Jinister Ian Smith has launched campaign to re-establish himelf as the leader of Zimbabwe's thite minority. Page 2

salisbury fare cut ritish Airways and Air Zimabwe received Government pproval to introduce a new w fare of £410 return from

lostages freed

ondon to Salisbury.

group of about 160 Cuban fugees who held 15 people ostage in a U.S. airliner at ima airport left the plane afterre Peruvian authorities agreed transport them to other Page 4

lasque tension

enewed violence is feared in orthern Spain after a radical nationalist was shot cast, Page 6 ead by Right-wingers. Page 2

irand Prix win

razilian racing driver Nelson iquet won the Dutch Grand rix. He is now two points: shind Australian Alan Jones the top of the world chamonship table.

riefly...

reraft at 25,000 ft. above and \$32 a barrel, says a stock-broker's report. Page 4

rge Vabil ran aground off the spare parts by up to 55 per utch coast.

Bill Sirs claims steel bid frustrated

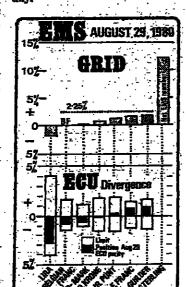
• BRITISH STEEL has advanced the closure date for its Consett plant to frustrate a "positive and serious" bid, Bill Sirs, general secretary of the Iron and Steel Trades Confederation, said yesterday.

Mr. Sirs said a consortium was to meet Department of Industry officials today to dis-cuss the plant, which BSC wants to shut on September 6 with the loss of 3,500 jobs. The corporation brought the closure date forward from September 30 because it had heard about the bid, he said.

Early closure could damage The invitation was made by brickwork and equipment, dis-Cardinal Besit Hume, Arch-couraging potential buyers. A couraging potential buyers. A sit in has been discussed by the work force, Mr. Sirs said.

> • DUTCH GUILDER rose to the top of the European Monetary System last week, while the Irish punt, which had been the strongest currency at the end of the previous week, retreated to third place behind the Freuch franc. The D-mark improved slightly, rising above the Belgian franc, but the Italian lira weakened further at the bottom of the system.

Despite an improvement by the dollar on Friday, EMS members gained ground against the U.S. currency last week, but declined against sterling. The pound rose to its highest level since April 1975 in terms of the French franc, breaking through the FFr 10 level on Wednesday, and touching a four-year high against the D-mark on the same



The charts show the two construor European Monetary Sistem exch. the cross cates from which no cur-ency (axcept the lire) may move more than 2's per cent. The lower chair gives each currency's divergence from its "central rate" against the European Currency Unit (ECU); itself a basket of European currencies.

• UK INVESTMENT in manufacturing is both lower than in France and West Germany and less effective in increasing output, says a Natonal Economic Development Office

 LLOYD'S proposals for self-regulation in the insurance market are expected to generate strong opposition among brokers Back Page; profit fore-

• BUILDING SOCIETIES' net income is estimated at under £300m in August against £340m in July. Page 4

• PUBLIC sector debt sales to individuals should be increased through new national savings schemes to release institutional funds for corporate investment, a stockbrokers' report says. Page 4 Gilt-edged market, Lex. Back Page

e first to parachute across the NORTH SEA OIL spot prices namel after leaving their have fallen \$5 to between \$31

oe man was lost overboard and • VOLVO is to cut the UK e wer saved after the British price of more than 200 truck cent. Page 4

TV and Radio-

UK News

CONTENTS

under Management: a frustrated faltering East-West trader 9 Editorial comment: Poland; Carter's economic plans 12 restry: the pulp industry a vice 13 Lombard: the cost of me put at risk 10 Banking: survey Inset

Labour News pointments
le Lending Rates
lding Notes
sinessman's Dry. rtracts esword erteinment Gde. 19 20

Unit Trasts ANNUAL STATEMENT Sime Darby

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Signing of accord brings return to work in Poland

BY CHRISTOPHER BOBINSKI IN GDANSK

THE POLISH authorities yester- in interests represented by inde-

in the Communist bloc, where the system is based on party he had received assurances they control of all key institutions. would all be freed by noon to-The concession came in a 21point agreement signed yester-day afternoon by Mr. Mieczyslaw other leading dissidents who had Jaglelski, a deputy premier, and been aiding the strike effort. Mr. Leszek Walesa, the Gdansk strike leader. It ended the 18day-old strike in the city which, in its closing stages, threatened to develop into a national stop-

Only after a special session day afternoon did Mr. Jagielski get approval from the leadership to concede the point which sets only on Saturday in Trybuna up the new trade unions along. Ludu, the official party newsside the existing State-dominated union structure.

was delayed until late yesterday made it clear that they would afternoon, while strike leaders order a new strike if their connegotiated over the release from ditions were not met. prison of some 10 human rights

anti-Government day formally conceded the right organisation.

of workers to bave their Mr. Jagielski announced that the state prosecutor had been pendent trade unions.

Instructed to release from detention in the list presented by the strikers. He said

> The deputy Prime Minister also said no action would be taken against the strikers or those who assisted them unless they had committed criminal

day. The list included Mr. Jacek

Mr. Jagielski's announcement of the Communist Party central that the detainees would be committee in Warsaw on Satur- freed was seen as another major concession by the authorities, following an article published paper, which attacked Mr. Kuron and Mr. Michnik. The The signing of the agreement strike leaders had apparently

Mr. Walsea told a cheering activists who have recently crowd: "We have not achieved been detained, some of whom everything. but we have were charged with taking part achieved all that it was possible

to achieve in the present cir cumstances. We have independ ent, self-governing trade unions and the right to strike.

"We are glad the long nego tiations are over. It shows that people can always reach agree ment if they really want to. "We return to work on Sept ember 1 and on that day we will be thinking of our homes,

our families, and work for our homeland."

The new unions are said to

have been given the right to introduce legislation to Parlia-ment directly rather than through union deputies as had been the case. They would also have the right to challenge the qualifications of factory direc-tors. It was unclear whether they could remove them from

their posts. Some workers expressed concern about riders attached to the settlement which called for additional discussion on some points, establishment of commissions to look into others at greater length, and setting future dates by which details of Continued on Back Page

Editorial comment Page 12 Deal ends Szczecin strike

Sharp cuts in China after £4.6bn budget deficit

CHINA HAS reacted savagely opening session of the National New progress has been made in vear's public spending across the

board.

deficit last year did not lause
After revealing a deficit any big increase in the money
equivalent to about \$11bn supply, nor bring serious diffi(£4.6bn), instead of the forecast culties to the economy." balauced budget, Mr. Wang Binggian, the new Finance Minister, announced heavy reductions in most areas of The cuts will expenditure. amount to about \$8bn this year. The poor 1979 performance is likely to prolong China's process of economic readjustment. This is bad news for companies wishing to negotiate new contracts with the Chinese.

It will also complicate the task of economic reformers like Mr. Deng Xiaoping, the senior Vice Premier, who have pinned their hopes on the success of China's modernisation drive, which in turn, is dependent on

buoyant economy. news, Mr. Wang still attempted and it is estimated that the set to sound optimistic in his targets for both agriculture and Despite the gloomy economic address at the weekend to the

He said: "China's financial of the national economy."

by the Chinese leadership to reduce the deficit suggest Mr. Wang was not being entirely

candid. According to statistics released at the weekend China will have a deficit of about \$5bn this year, despite the stringent cost-cutting measures. The 1979 budget statistics represent some of the most detailed public accounting of China's

economic difficulties since the Communists took over in 1949. Mr. Yao Yilin, the new chief of the State Planing Commission (China's economic policy-making body) insisted, however, that good progress was being made. "China's 1980 economic plan is being smoothly implemented targets for both agriculture and industry will be overfulfilled.

to a large and unplanned budget People's Congress — China's the readjustment, restructuring deficit in 1979, by slashing this Parliament. consolidation and improvement his. Yao admitted, however,

that "calamities" in agricultural production had resulted in a 10 per cent cut in the output The strong measures ad pted of summer crops. This is much more than the rumoured

The main reason for the large

deficit was staggering over

expenditure. For example wages to urban workers overran estimates by about 35 per cent defence expenditure by about 10 per cent and payments for agricultural produce by about 25 per cent China's failure to control

spending may explain why a new head of the State Planning Commission and a new Finance Minister have been appointed recently.

Cuts in expenditure have severely affected funds going to Continued on Back Page Hua's replacement to be confirmed Page 2

Airbus considers new models

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

European group building the A-300 and A310 Airbus aircraft. is now discussing with world the possibility of developing new versions.

These would include a stretched model, the TA-9, seating between 350 and 400 assengers against the 250-300 in the existing A-300 Airbus, and a new short-range model of 130-170 seats, called the Single Aisle or SA series.

These would be additional to the existing A-300 and A-310 models, which would continue in full production. Development costs of both

new types would be high probably about £250m for the stretched version, and more than £500m for the new SA series.

The new aircraft will be beyond to compete with the dictated solely by demand.

IRBUS INDUSTRIE, the big U.S. airliners, such as the Lockheed TriStar and the McDonnell Douglas DC-10, and, so far as the SA series is concerned, to compete with new short-haul aircraft now planned in the U.S. British Aerospace has a 20

per cent stake in Airbus Industries. The other partners are Aerospatiale of France, with 37.9 per cent, Deutsche Airbus sserschmidt-Bolkow - Blohm and VFW) of West Germany with 37.9 per cent and CASA of Spain with 4.2 per cent. Fokker of the Netherlands is an associate member on the A-300 programme, while the recently formed Belairbus of Belgium is an associate on the A-310.

Mr. Barnard Lathiere, president of Airbus Industrie, said at the Farnborough Air Show yesterday that decisions on both needed through the 1980s and new types of aircraft would be

He expected that such decisions might be taken by the middle of next year. "We are very serious about these programmes. We must keep up with the market. We are not in business to build aircraft the airlines do not want."

Mr. Lathiere said that, so far as the smaller SA series of airwas concerned, Airbus Industries was interested in the possibilities of collaboration with Japan,

Total orders for existing versions of the Airbus now amount to 421 aircraft for 36 airlines, of which 282 are for the A-300 (already in service) and 139 are for the new A-310, now being developed and due to delivered to airlines from 1983.

Airbus Industrie is confident that it will be able to sell well over 1,000 aircraft by the early 1990s - well beyond the estimated break-even point of 800. Farnborough report Page 4

Iran leaders split over Cabinet

BY SIMON HENDERSON IN TEHRAN.

Abolhassan Bani-Sadr, yester- Ibrahimi, at 27 the youngest in day refused to approve the new the proposed Cabinet. 20-man Cabinet proposed by Mr. Mohammed Ali Rajai, Iran's by the Parliament, which is exrecently-appointed Prime Minister. The proposal became the centre of a political storm.

new Foreign Minister-designate is Mr. Hossein Moussavi,

editor of the IRP's newspaper.

The candidate to take over the

The Cabinet list, comprising unknown men and largely including only six present Ministers, is dominated by supporters of the hardline Islamic Republican Party. This is at odds with President Bani-Sadr. U.S. embassy was seized Among present Ministers set to lose their jobs are Mr. Sadeq Qothzadeh, in charge of foreign affairs, and Mr. Ali Akbar Moinfar, the oll Minister. The

IRAN'S PRESIDENT, Mr. oil portfolio is Mr. Asghar the defence post. The present The list has to be approved

> pected to start debating it later this week. If approved, the new Cabinet will take over from the interim Cabinet which has governed with the Revolutionary Council since the administration of Mr. Mehdi Bazargan collapsed last November, two days after the

An indication of the sharp political differences between President Bani-Sadr and Mr. Rajai is that the defence portfolio is left empty. Along with the Interior Ministry, the President is believed to have insisted adjudicate any remaining differon approving the candidate for ences with President Bani-Sadr.

Interior Minister, Ayatollah Madavi Kani, is the only clergyman in the new Cabinet.

Lack of information makes it initially impossible to categorise the proposed Cabinet accurately. Its average age is said to be 37. five of its members, including the oil Minister, were educated in American universities, and five served prison sentences for activities against the late Shah before the 1979 revolution.

Although Mr. Rajai can use the effective majority of the IRP to win approval of the Cabinet in Parkament, it is not that Ayatoliah expected Khomeini will intervene to

Big drop in food industry profits

By David Churchill, Consumer Affairs Correspondent

A SHARP FALL in the profitability of UK food manufacturers is revealed in the latest survey of the industry, published by the Food and Drink Industries Council

It shows that in the first three months of this year the profit margins of food manu-facturers fell to their lowest for five years, and were just over a third of the level reached 10 years ago.

Pre-tax profits as a percentage of sales in the first three months of the year were 2.65 per cent on a seasonally adjusted basis. In the last quarter of 1979, the level was 4.85 per cent and, for last year as a whole, the figure was 4.39 per cent.

No figures are yet available for profitability since March, but few in the food industry expect any major in improvement margins this year.

Warned

The low level of the manufacturers' present profit-ability, which has come on top of a gradual erosion of profit margins over the past decade, could force some companies out of business. Already, several companies have been forced to lay off workers and put others on short-time working.

Mr. James Cleminson. president of the Food Manufacturers' Federation, has already warned that food prices will need to rise by about 20 per cent this year, just to maintain the manufacturers' current profit

The food and drink industries survey, based on data collected by the Institute of Grocery Distribution, also reveals that the liquidity of further £63.8m in the first quarter of this year. This has forced food companies to increase their short-term borrowings which, at the current high interest rates, has further affected profitability.

Background, Page 4

Aug. 29

1 month | 1.12-1.07 dis | 1.15-1.10 dis | 3;months | 2.58-2.51 dis | 2.74-2.69 dis | 12 months | 5.75-5.55 dis | 6.00-5.80 dis |

161 per cent—to be less than 14 retail price inflation.

temporary phenomenon which will last only as long as the current phase of attempts to cut from manufacturing industry.

sources about a "more realistic

approach" to pay claims and

Industry price rises 'least for a decade'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITISH manufacturing com- settlements. amounts than at almost any time in the last decade.

Industry's monthly trends inquiry, published this morning. shows a marked fall in the proportion of companies expecting to raise their domestic selling prices in the next four months.

The survey shows 30 per cent of companies questioned plan to raise prices and 14 per cent to cut them. At the end of July, the figures were 43 and 10 per cent respectively. In January the proportions were 68 and 1 per

Squeeze

The last time the net balance of companies planning to increase rather than to cut prices was last as low as it is now was

chemicals and metal manufacturing, more companies expect to lower prices than to increase them. The same applies in 11 out of 44 individual industry groups.

These figures highlight in the most dramatic form so far the extent of the squeeze on British indusrty.

reduce excess stocks are limiting the ability of companies to raise prices. There is some evidence that cost increases may be less widespread than earlier reduce excess tooks are limiting in the face of a sharp fall in orders.

Recession in the year, but unit labour costs have still been rising rapidly. The CBI therefore estimates

that the profit margins of manu-Thursday after the sharp fall in its second quarter profits. The other side of the picture sale output prices—currently

per cent by November. In time more than six years. this should be reflected in a further reduction in the rate of could, to some extent, be a

Looking ahead, the CBI reports growing information from its regional offices, from S2.4010-4040|S2.3885-3895 its committees and from other

There is some panies are raising their prices caution about interpreting these less frequently and my smaller references in view of the small amounts than at almost any time number of deals in the summer, but the unanimity of comment The Confederation of British is possibly significant.

This evidence has been taken into account in revised fore-casts by CBI staff economists. These imply a reduction in the annual rate of earnings growth -currently 21 per cent-to about 13 per cent by mid-1981 with a reduction in the rate of price inflation to a slightly lower level by then. The CBI is forecasting a 6.8 per cent drop in manufacturing output this year and a further 3.4 per cent decline in 1981.

The latest CBI inquiry provides further evidence of a veakening in demand with below normal order books, especially in metal manufacturing. Demand has been least affected in the capital goods October 1968. sector, notably in electrical there are wide differences between industries. In the intermediate goods sector, principally adequate stocks of finished

goods is still rising. The explanation is partly that the bulk of any reduction in stock levels has occurred in the wholesaling and retailing sectors. In general, manufac-turing companies have been able to cut only stocks of materials and fuel and of work Falling demand, intensified yet been able to reduce stocks competition, and the desire to of finished goods significantly

Broadly similar conclusions about the economic outlook are reported in the latest Financial Times survey facturing companies are still opinion, also published this, being reduced. This view is in morning. This shows a reducline with ICI's warning last tion in the level of expected wage, unit cost and price rises in the next year.

The deepening recession is is that the CBI expects the showing up clearly in falling annual rate of growth of whole-demand, deliveries and expected output levels. Business confidence is at about its lowest for

The FT survey this month covers the engineering, brewing and distilling, and the paper and The small percentage of com-connected sectors. The inter-panies planning to raise prices views were carried out in the first fortnight of August, the same period as the CBI inquiry, which included 1.887 replies

> Howe attempts to regain initiative, Back Page NEDO urges industry to adapt. Page 4 Business oplnion survey,

Page 18

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28-point

deal ends

Szczecin

strike

SZCZECIN: The

ment for the

trade unions.

emphasis on

entire period.

Human Rights.

news media.

favouritism.

Polish public

to the Polish people.

Szczecin shipyard.

for strike activities.

workers.

Retirement

newspaper in this Polish city,

Szczecinski, has published the

28 points of the strike settle-

observers believe they could

become the model for separate

agreements throughout Poland.

achieved agreement-Szczecin

comes back to work: Govern-

ment commission signed agree-

ment this morning." They are:

Creation of self-governing trade unions of a socialist

character according to the Polish constitution. Strike

committees to become new

worker commissions and to

prepare elections to the new

special Government pro-

gramme to be carried out by

December 31 on prices and

Pay rises to be granted, with

tetirement benefits to be raised by January 1, 1981.

Workers disabled at work to

Women with babies may stay

get same pay even if forced to take lower paid work.

at home for three years, as under present law, but will

be compensated during the

ments, the first on January 1,

as the UN's Charter On

to prosecutions against workers

No reprisals against political

socialist principles.

Dialogue between Church and state to be expanded and

more access for Church to the

Construction of a marble plaque

to commemorate workers

killed in 1970 rioting at the

improved and better supplies

of medicines to be guaran-

An end to unannounced price

equally in all stores without

increases for basic goods. Distribution of foodstuffs

An increase in meat supplies.
No Polish goods in hard-cur-

rency shops unless supplies

are adequate in shops for

time for housing from the present 12 years to five years.

Vacation allowance to be

increased by end of year. Trade unions will be given right

educational programmes

wages while on strike. Shipyards workers charter to be

modified by end of year. Agreement to be published by

local media and the national

Press agency.
The agreement was signed for

the strikers by two members of the strike committee, Mr.

Marian Juszczuk and Mr. Kazi-

to delegate workers to special

Health service in Poland to be

activists if they do not violate

The final act of the Helsinki

Family allowances to be raised

lowest-paid

availability of supplies.

The details were given under

banner headline: "We

principal

port and

Linowitz starts bid to revive Camp David

By David Lennon in Tel Aviv PRESIDENT CARTER'S

special Middle East envoy, Mr. Sol Linowitz, this morning starts two days of talks with Mr. Menahem Begin, the Israeli Prime Minister, at the beginning of a visit to Israel and Egypt in search of some way out of the deadlock over Palestinian autonomy.

Mr. Linowitz yesterday cautioned that "it would be tragic if we were to let the promise of Camp David slip away," adding that the responsibility lay with all parties to ensure that this did not happen.

· But the prospects for the success of his mission appear slight, given the Israeli insistence that the key to restarting the suspended talks lies with Cairo, and Egypt's demand that Israel alter its stance over Jerusalem and Jewish settlements if any progress is to be made. Mr. Begin reported to the

Cabinet yesterday that in a note delivered on Friday, Egypt's President Sadat had stated he was not interested in resuming the autonomy negotiations at this stage.

"Given the present circum-stances," the President is reported to have said. "I still believe our common interests will be better served by a summit conference at the

Underlining the Egyptian refusal to restart the talks was a blunt charge by Mr. Kamai Hassan Ali, the Egyptian Foreign Minister, on Saturday, that the current Linowitz mission was simply part of the Carter Administration's attempt to revive the Camp David process for U.S. electoral purposes.

Mr. Linowitz began his talks in Israel last night with Dr. Yosef Burg, the Interior Minister, who heads the Israeli autonomy negotiating team. Before the meeting, the Israeli Minister said that he was waiting to see whether the U.S. envoy had brought any new proposals with him for getting the Egyptians back to a negotiating table.

families whose homes are beside the new Government buildings in Arab east Jerusaiem into which Mr. Begin plans to move his office, have been served with eviction

The families bave refused offers of compensation and said that they would resist

Saudis to hold back demand for improved F-15s

BY RICHARD JOHNS IN JEDDAH

THE SAUDI ARABIAN Government has decided not to press for changes in the specifications of F-15 aircraft on order from the U.S. until after the American presidential election.

Saudi Arabia has by no means renounced its demand, how-ever, and after the November election the Kingdom is likely to make the issue a test of U.S. friendship, just as it did with the original deal that also met stiff Congressional objections.

Eventually the U.S. undertook to supply 60 F-15s at a cost of \$2.9bn, plus \$2bn for infrastructure and back-up services. More recently, Saudi Arabia is understood to have ordered two more aircraft. Pilot training is scheduled to start in the U.S. next year, and first deliveries are due to be made

Saudi Arabia is determined to obtain agreement from the U.S. for modifications that would give the F-15s far greater range and striking power, according to a senior adviser to the Royal family. He confirmed that the request for the changes had been made earlier in the

Policy here has been to leave the question dormant for the time being, following the letter to President Carter early in July, signed by 68 Senators. It urged him to reject the sale of additional equipment, and for approval of the original

Nevertheless, Prince Sultan, minister of defence said in Taif last Thursday that provision of the equipment was a "foregone conclusion." He added: "We do not make requests that are denied to us."

For its part the U.S. Administration has told the Saudi' Government that the request is not under active consideration. But the Pentagon and the State Department evidently believe that there is considerable justification for allowing Saudi Arabia civilian aircraft. the past two years. They also

Brown, U.S. Secretary of of three Boeing Defence, gave assurances that and two 747s.



Prince Sultan . . . confident of agreement.

the Kingdom would be supplied only with the interceptor variety of the F-15, without auxiliary tanks suited for refuelling by Saudi Arabia's C-130 tankers, multiple ejection bomb racks or "any other systems or armaments that could increase the range or enhance the capability of the F-15.

The Saudis now want not only these features but also extra fuel pods for the aircraft, which are to be based at Dahran in reminded him of assurances the Eastern province to protect given in 1978 to clear the way the oilfields, and at Khamis Mushayt in the South West to guard against any threat from

South Yemen. The Saudi leadership is obsessed currently with the danger from the hostile Iranian revolutionary regime which is believes capable of wild military adventurism.

AP-DJ reports from Washington: The U.S., citing recent terrorist incidents appear to have had Iraqi involvement or support." has turned down an Iraqi request for the purchase of five Boeing

a more offensive, long-range A statement by the State version of the F-15 because of Department at the weekend developments in the region over, offered no elaboration but it is apparent the rejection tend to dismiss the misgivings based on separate incidents of the pro-Israeli lobby.

To obtain the Senate's Berlin and in Vienna.

Traq has sought the purchase

CHINA'S PARLIAMENT MEETS

Hua's replacement to be confirmed

BY TONY WALKER IN PEKING

CHINA'S Parliament. People's Congress. National opened at the weekend with the first official confirmation that a new Prime Minister will be appointed during the session.

Marshal Ye Jianying, the 82year-old chairman of the congress's standing committee, told more than 3,000 deputies that one of their main tasks over the next 10 days would be to appoint a new Prime Minister. An important item on the

agenda, he said, would be to hear a speech by Hua Guofeng. Premier of the State Council, and then to decide on the appointment of the Premier on the proposal of the central committee of the Communist Party of China. The delegates would also have to decide on or elect other leading state personnel. Zhao Ziyang, the 61-year-old

Prime Minister-designate, sat in the row behind Marshal Ye as he announced the leadership change. Mr. Hua, the outgoing Premier, was in the same row.



Zhao Ziyang . . . in the wings

measures to change the state of affairs wherein leading personnel hold too many posts with the consequence that power beconcentrated." too "We must

select and appoint to leading Cultural Revoltinion. posts those cadres who have distinguished themselves in practical work, who enjoy popular be approved. support and who are in the prime of life."

Marshal Ye was foreshadowing a big leadership shake-up. Among those resigning their officials like Deng Xiaoping Xiannian, the long-serving

The third session of the fifth National People's Congress is the first occasion that Pekingbased foreign correspondents have been able to attend since the Congress of 1960:

Matters to be-dealt with in Minister for Finance. clude an amendment to article problems that arose during the party supervision.

Mr. Muldoon added that he

was convinced that China wished to maintain peace in

Asia, despite its incursion into

Victnam, because the Chinese leaders were determined not

to do anything that would give the Soviet Union an

The New Zealand Prime

Minister has banned a promi-

nent journalist and satirical writer, Mr. Tom Scott of the Listener. from his official party. He said Mr. Scott

writes a lot of garbage." But

the Indian Government has

declined to refuse Mr. Scott

accreditation at Mr. Muldoon's

opportunity... to ..expand

A revised marriage law and a new citizenship law will aise

According to Marshal Ye. China has made-tremendous progress since last year's

National People's Congress. "The readjustment of the vice-premierships are veteran national economy has achieved marked success, socialist demosenior vice-Premier and Li cracy and the legal system have been strengthened, and political Economic Minister. Both will stability and unity further conretain party vice-chairmanships, solidated," he said. "The great undertaking of the four modernisations in socialist construction is making steady

progress." Marshall Ye-made no mention of severe economic difficulties revealed later by the

China's Parliament has met clude an amendment to article

15 of the constitution, removing the people's right to hold
what are described as "great debates" and to paste up "big character posters." This constitutional encouragement to stitutional encouragement to have a measure of automy, the free expression is blamed for congress operates under strict

New law will provide for joint-venture taxes

BY OUR PEKING CORRESPONDENT

THE CHINESE are planning to legislate this year to levy taxes joint ventures involving Chinese and foreign partners and to levy income tax on indito same level as militia and army family allowances and Wang Bingqian, the viduals. Wang Bingqian, the Finance Minister, announced to be received in three instalthe plan to the National People's Congress at the weekaccords to be published as well

A report of his remarks by the New China News Agency gave no details as to what the tax rate for joint ventures might be, or what individuals were being referred to as far as income tax collection was concerned.

The news agency also mentioned the introduction of valueadded tax, but gave few details. It said the tax was " to be tried out in the machinery and farm machinery industries to solve the problems of double taxation on some industrial products."

Mr. Wang announced that from next year China would ask more state-owned enterprises to

PROPOSALS to expand trade between China and New Zealand will be put to Chinese leaders by New Zealand's Prime Minister Mr. Robert Muldoon, this week. Mr. Muldoon leaves New Zealand today for visits to India and China. Dai Hayward reports from Welling-

Trade between and China Zealand expanded greatly over the past year and Mr. Muldoon believes there are opportuni-ties for further development. New Zealand is regarded extremely favourably

state. This would be done on an experimental basis. What was described as a regulatory business tax and resources tax a result of the tax measures would be levied.

The new measures mean that

system as it applies to Staterun enterprises.

request.

Basque death raises spectre of new violence

The position of individuals as remains obscure, despite Mr. Wang's announcement It has

will be required to pay taxes. The Finance Minister also announced that the practice of allowing State enterprises to retain profits for reinvestment would be extended. However enterprises using what Mr. Wang described as circulating funds provided by the State would be levied on the funds.

Mr. Wang also foreshadowed an important shift in the method of financing capital construction. China would use bank loans instead of State appropriations from next year for all except a few special projects. The Minister said China

would continue to experiment with the practice of giving provinces more responsibility for their own budgets. This is already being tried in Guang dong and Fujian, two coastal

Reforms of the financial administration begun in 1976 were continuing, Mr. Wang pay a business tax instead of China is engaging in a far- long been suggested that said, and results to date were turning their profits over to the reaching restructuring of its tax foreigners resident in China good.

Stay in Zimbabwe' urges Smith

BY OUR SALISBURY CORRESPONDENT

IAN SMITH, former Rhodesian Premier and leader of . Zimbabwe's all-white Rhodesian Front Party, has urged his followers not to leave the country, as part of a campaign to re-establish himself as the symbol of their interests.

Mr. Smith was effectively usurped earlier this year as a figurehead of white aspirations by Gen. Peter Walls, who became a focus of white hopes when he was appointed head of the country's new joint high His row with the Prime

Minister, Mr. Robert Mugabe, has reduced the General's standing among the 200,000 whites, however, and political observers suggest Mr. Smith is now trying to reassert his position.

toured white communities throughout the country over the past week—to improve his standing before on and co-operate fully with Rhodesian Front Party Mr. Mugabe's government.



seeking lost loyalty.

"I have told them we have to make the new situation work," he told a Salisbury We have to be positive and adopt a more hopeful attitude. "My conviction is that Zim-

babwe will succeed in the future in proportion to the white content of the population—the people who stay on and are committed."

His comments were the most ositive he has made about Mr. Mugabe's Government since independence in April.

Mr. Smith has been influenced by a gradual recognition among some whites that their fears about Mr. Mugabe—fuelled by wartime propaganda from Mr. Smith himself and his partynow seem to have been groundless.

Symbolising its acceptance of the new political realities, the Rhodesian Front is expected to Rhodesian Front is expected to Brych, first secretary of the change its name at next month's Szczecin party committee. change its name at next month's Szczecin party committee, congress and seek a new image signed for the Government.

Strike situation to be explained

More raw materials for enterwhere a demonstration against strike activity between 1970terrorism and a counter-rally 1980 to be re-employed after supporting the Basque separatist case-by-case study.

Special study of censorship to
be completed by November 30. organisation, ETA, are planned in the city of Pamplona on Issue of making Saturday, normally a working day, an extra day off to be settled by December 31.

Reduction in maximum waiting

Adding to the tension, a deputy speaker of the Navarre parliament detained by police in Pamplona and transferred to security headquarters in Madrid yester-day for questioning under the Prevention of Terrorism Act.

Two shadowy extremist organisations, the Basque Spanish-Italian and the Triple A (the anti-Communist Apostolic

WELL-KNOWN radical Alliance) claimed responsibility a spate of reprisal killings and Herri Batasuna leadership in Saturday, raising fears of he owned in the coastal village this year.

Urbiola's remarks and that the renewed violence in the north, of Ondarros.

The deputy speaker of the only difference between ETA

Sr. Etxaniz was a local leader of the radical nationalist coalition. Herri Batasuna (People's Unity) and had been arrested several times during the Franco regime. The Triple A also claimed responsibility for the mystery shooting of a Basque businessman in the town of Irun last Thursday.

In a telephone statement to local newspapers, a spokesman for the Triple A said the Irun shooting had been a "mistake."
Both the Triple A and a
Basque Spanish battalion, which
are believed to be closely linked,
had remained largely inactive

over the past four months, after

Basque nationalist was shot for the murder of Angel bombing in the Basque country, the Navarre province yester-dead by Right-wingers on Etxaniz, who was shot in a bar which claimed six victims earlier day said it fully endorsed St.

Navarre Parliament, Sr. Jose and the coalition lay in the Antonio Urbiola, who is also means that each employed. a senior member of the Herri The counter rally to support Batasuna coalition, was de ETA organised by Herri Batalast week, in which he claimed that Herri Batasuna shared the aims and policies of the mili-

Under the Prevention of Terrorism Act, which covers an alleged offence of "apology for terrorism." Sr. Urbiola can be held without formal charges for up to 10 days.

tary wing of ETA.

tained in connection with a suna, was officially banned statement he made to the Par- yesterday by Pamplona's civil liament's human rights com- governor, but the organisers mission meeting in Pamplona said they would defy the rulmain demonstration. The main demonstration, which had been authorised by the civil governor, is to protest

against "terrorism and assassinations." Navarre, a border province with a strong ethnic Basque population, is sharply divided over the issue of intest gration to the autonomous A statement issued by the Basque country.

Irah I

Boulogne blockade lifted

mierz Fischbein, Mr. Kazimierz Barcikowski, a Vice-Premier, Mr. Andrzej Zabinski, a Polit-buro secretary and Mr. Janusz By Robert Mauthner in Paris BOULOGNE, where the French fishing dispute broke out a month ago and the last Channel port to be blockaded by the fishermen, was re-opened to both passenger and goods traffic last

During the previous three days, the economic situation in the port had become serious, as fish merchants' lorries and other trucks blocked all roads into the town and nort area as a protest town and port area as a protest The fish merchants and transporters of other goods had become increasingly angry at the effect the fishermen's blockade of the port was having on their own livelihood. But the decision by the fishermen to suspend

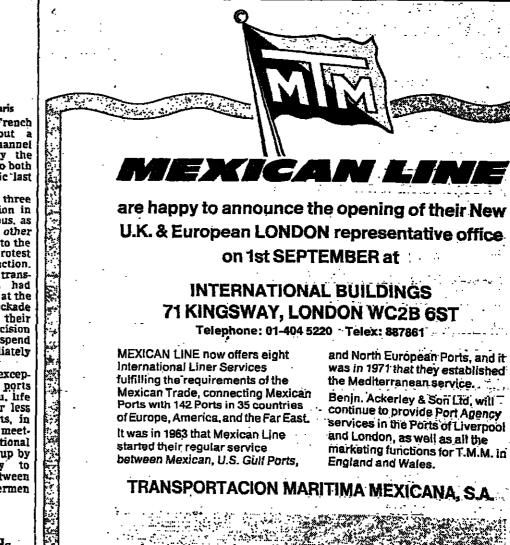
their action immediately defused the situation.

With a few isolated exceptions, such as the Breton ports of Lorient and Concarneau, life has now returned more or less to normal in French ports, in anticipation of a further meet-ing tomorrow of the national mediation commission set up by the Government, chiefly to settle a dispute between trawler owners and fishermen over manning levels.

Stevens held as Vanuatu revolt ends

PORT VILA — Papua New Guinea (PNG) troops on the island of Espiritu Santo yester-day crushed the last major resistance to the Government of newly independent Vanuatu. Mr. Jimmy Stevens, leader of the three-month revolt, and 70 other rebels were arrested and Vanuatu Prime Minister Walter Lini, said Mr. Stevens could be exiled of jailed.

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New Issue September 1, 1980



All of these bonds having been placed, this announcement appears for purposes of record only.

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firm interest at Leipzig Fair

d. ha ling after the completion of a PVC plant there by Hoechst's subsidiary, Unde.

Herr Honecker stressed that some two per stressed that the stress of the severe state relations with West Germany.

East Germany achieved an

free to the design of the state of the state

Work Strains

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U.S.

France

Belgium

Revalition

Fixed matrix LAST GERMANY has indicated of the stand of the weeklong last pening of the weeklong last The least string a new chemical engineer cast specific the least specific samples of the least specific specifi fined products.

East Germany is able to use the Soviet oil it gets at prices Herr Honecker stressed that some 40 per cent below the

This petroleum trade is regarded by Bonn officials as relations with west an abnormal for two nignty industries of the surplus with trialised countries which import produces west Germany of DM 434m port virtually all their oil.

No major trade deals are expected to be signed by East Germany at the fair but the country's economic officials have told West German industrialists they stand a good chance of getting major plant and equipment orders from East Germany in the early stages of the five-year Plan that begins

Flags of Convenience under fire

BY WILLIAM HALL, SHIPPING CORRESPONDENT

WORLD ECONOMIC INDICATORS

UNEMPLOYMENT

5.9 397.4

THE DOMINANT position in mittee follows a meeting last three events have occurred world shipping of the fleets of the developed countries is expected to come under fierce attack at the Committee on Shipping of the United Nations technical name for flags of Conference on Trade and convenience.

At its meeting last three events have occurred which could alter the outcome of the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There are ninth session. There are ninth session that the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. There has the problem of phasing out the ninth session. water season today. which starts a two-week meeting the working group could not Finance Witte

The most controversial issues The most controversial issues before the committee are the phasing out of flags of convenience and the introduction of bulk cargo sharing. The developed countries led by Green German Band de Green Green Britan Brit Britain and the U.S. are strongly opposed to both proposals.

The ninth session of the com-

tries, which are represented by convenience. the Group of 77, wanted the phasing out of flags of convenience and the developed countries, with the possible exception of France, saw no need for such a move.

June 1980 1,659.7

1,590.9 7.2

ber of Communist countries led agree what action should be by the Soviet Union have come taken. The developing coun-out strongly against flags of Finally, the UNCTAD secre-

tariat has done considerable work in support of a resolution passed at the UNCTAD V meeting in Manila last year, which recommended the introduction Since the January meeting, of cargo sharing

SHIPPING REPORT

Easier tone continues in dry cargoes

THE EASIER tone in the world's dry cargo markets continued last week. In the Hampton Roads Japan coal trades, rates for 55,000 tonners slipped below \$26 per tonne and the U.S./Continent grain rates moved lower in sympathy. In its latest monthly chartering report Matheson and Co. is cautiously optimistic about the outlook for the dry cargo markets over the next few months and argues that grain is still expected to provide the main support for the market.

In this context owners should U.S. Government estimates of the Soviet grain harvest for the current year. Previous estimates had been pitched as high as 225m tonnes but the latest estimate has been reduced to 200m tonnes. Although this is bigger than last year's poor harvest, the Soviet Union will still have to import substantial quantities this year and this will undoubtedly help underpin the dry cargo markets.

Looking slightly longer term. confidential report by a leading London shipbroker argues that the growth of the dry bulk carrier market is likely to slacken appreciably between now and late 1981-early 1982. There could be substantial dry bulk market weakness over the next one-two years with large

vessels most vulnerable.

The report emphasises that the dry cargo market is in fundamentally better shape than it was three years ago and does not envisage a return to the depressed conditions of 1977-78. In concludes that, provided the volume of new building contracts can be restrained there could be a very strong dry cargo market in

In the tanker market, there appears to be some difference of opinion about the short-term direction of the market. Gal-breith Wrightson in its weekly tanker market report says that there has undoubtedly been an easier tone, whilst John L Jacobs says that VLCCs and ULCCs continue to be fixed out of the Arabian Gulf at steadily

Australia signs big Fiji loan

improving levels.

By Patricia Newby in Canberra THE AUSTRALIAN GOVERNMENT Export Finance and Insurance Corporation (EFIC) is to provide a loan of A\$35m (£18m) to the Government of Fiji to finance construction of the Nadi-Lautoka regional water supply scheme by a consortium of three Australian contractors.

The loan agreement was signed in Canberra by Mr. Jesoni Takala, High Commissioner for Fiji and Mr. Sam Burton, EFIC's managing director.

Total value of the contract won by Wood Hall (Hornibrook), Leighton Holdings and Thiess Holdings, was A\$53m. It is one of the largest single contracts ever let in the Pacific Basin.

The difference between the EFIC loan and the contract price will be covered by trading bank

The project involves construction of an earth-rock fill dam across the Nadi river at Vatura, water treatment plants, service reservoirs, access roads and 40 kilometres of pipeline.

Japanese exports hit new high

vehicle exports in July were a monthly record of 529,200, in spite of the growing overseas criticism on booming Japanese small car exports, the Japan Automobile Manufacturers Association said.

vehicle

This was up 2.8 per cent from 514,900 in June and up a sharp 44.3 per cent from 377,200 a year ago.

The record exports were helped by continued active sales to the U.S., the largest customer for Japanese vehicles, and increased shipments to West Europe, Middle East, South East Asia and Latin America.

The July total comprised 340,900 cars, 182,300 trucks

and 6,000 buses.

The July export value totalled \$2.48bn, including auto parts, up 5.5 per cent from \$2.28bn in June and up a sharp 47.7 per cent from \$1.63bn a year ago. The association also said

cumulative total exports in the first seven months this year were 3.46m worth \$13.79bn, compared with 2.50m valued at \$10.17bn in the same 1979 period. Export shipment to the

U.S. in July rose 27.2 per cent to 220,900 from 173,700 a year ago. Shipments to the EEC were 68,900, up 25.0 per cent from 55,100 a year ago, including those to West Germany up a sharp 82.9 per cent to 20,300 from 11,100 a year ago, and France up a sharp 61.7 per cent to 7,600 from 4,700 a year before. But those to Britain fell 16.1 per cent to 16,700 from 19,900 a year earlier.

Shipments to the Middle East rose 65.9 per cent to 51,000 from 30,800 a year ago, including those to Saudi Arabia up a sharp 120.4 per cent to 30,200 from 13,700

Swiss delay Canada uranium accord

A SWISS Parliamentary com- ment. Berne had recommended they had examined the Sulzer mission has decided to postpone that Parliament accept the study of a draft agreement between Switzerland and Canada under which Canada on Canada's insistence that it weapons and was not in contrawould have resumed uranium supplies to Swiss nuclear monitor both how its uranium

The decision to postpone the interference in their internal countries, which might misuse affairs. This is in particular the goods to make nuclear reference to Canadian dis- weapons, approval of the Swiss Government's decision to allow Sulzer, the heavy machinery and construction company to build a heavy water plant in Argentina.

worsened prospects for early exports its own nuclear ratification by the Berne Par- technology. iament of the draft agree-

accord. The bilateral dispute centres

should have the right to and nuclear technology is used in the event they are restudy was prompted by what exported from client nations, the Swiss argue is Canadian such as Switzerland, to third

The Swiss said the were prepared to accede to these rewhat they said was a further neavy water plant in Argentina. Canadian monitoring require-The postponement has ment over how Switzerland

They further pointed out that official said.

deal and were satisfied it would not increase Argentina's capacity to make nuclear of Switzerland's obligations as a supplier of

nuclear technology. Canadian officials reacted to the Swiss move with surprise. A senior Government official said at the weekend that Canada's concern was only in how its own uranium and technology was used. It was not its intention to interfere quirements but baulked at in how the Swiss use their own technology.

"We have never heard anything official to suggest the Swiss were planning to take this course of action,"

Sulzer-Argentina matter is not at issue and that tensions between Ottawa and Berne over nuclear matters date back to 1977 suspension of Canadian uranium sales. It was the Canadian understanding that lack of Swiss approval to the bilateral uranium agreement came only from Canada's need to monitor the reexport of its own uranium and technology.

The means of resolving the dispute were not immediately clear, but the tougher attitude by the Parliamentary Commission comes following estimates by Swiss energy authorities that Switzerland can do without Canadian uranium for at least

Colourful debut for Lesotho's rugs

BY PAUL CHEESERIGHT IN BERLIN

the walls, stands held woollen cardigans, shawls, jackets and hats.

the Overseas Import Fair in Berlin last week, part of the sales effort the south African kingdom is making in the European consumer market. Compared with the range of goods offered by the newly industrialising countries like South

Korea, it was very limited. But Lesotho is classified by the World Bank as a low income developing country. Indeed the value added from manufacturing in the country during 1976 was just \$2m. Still, the European market beckons as an outlet for labour-intensive industries sponsored by the Government in a country where per cent of the population is engaged in agriculture. Exhibitions and fairs account

for about a third of the market- of the marketing effort.

(FRIDA).

"Lesotho is not known. We are just trying to get exposure explained Mr. Chris Mohapi, the KLH general manager, in charge of promoting Lesothan

That is the first and most jump, to achieve an identification in the eyes of the European consumer such as that, at the opposite end of the spec-

exclusive agencies in importing countries, except in France, so far its most successful opening in Western Europe. Partly this is a question of keeping control But, conceded Mr. Mohapi, about the direction of Lesotho South dialogue.

Corporation and the Fund for market. It takes a long time to the Research and Investment for find the right direction. If you Development of Africa don't retain some control, you limited. In KLH's first year of DA).

Development of Africa don't retain some control, you limited. In KLH's first year of DA.

Gradually this direction is place KLH is concentrating most of its European effort on the EEC, simply because the provisions of the Lome convention mean there are no tariff barriers obvious hurdle KLH has to to climb. This is a vital factor in the ultimate selling price.

Secondly, KLH is aiming at that of co-ordinating the quality the top of the market. This is and quantity from such a divertrum, achieved by Persia and partly a question of costs—sity of producers.

South American competitors

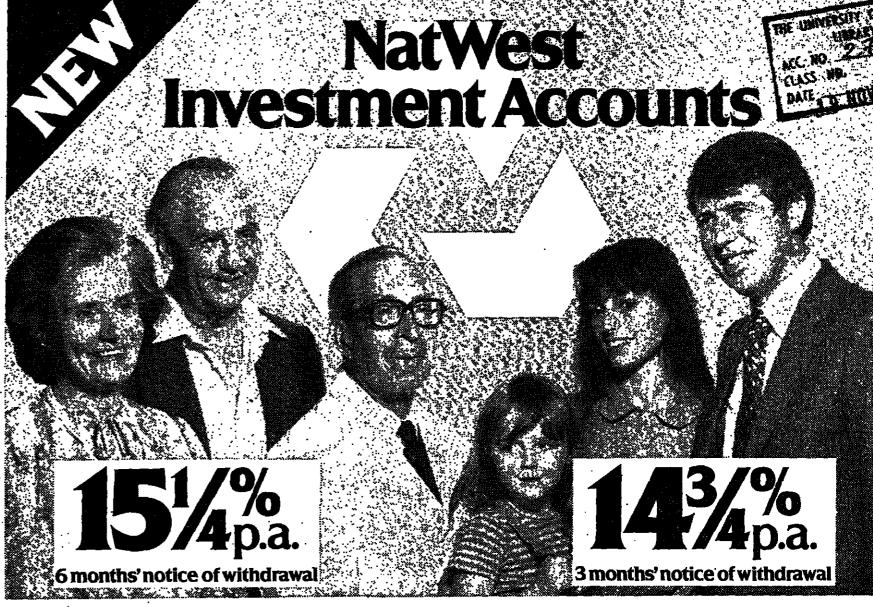
Lecotho like have fob costs half those of KLH is reluctant to assign Lesotho, Mr. Mohapi said. But the hand-crafted nature of the Lesotho product means putting a premium on design and craftsmanship.

WOOLLEN RUGS with gentle geometric designs scattered the floor, mohair tapestries hung on Lesotho National Development ing to find the best niche in the galleries and interior decorating concerns. So far success has been

> R150,000 This year they are running at double that level and would becoming clear. In the first have been higher but for the recession.

With workshops springing up all over Lesotho, production is increasing, so the need to lift sales is paramount. But if KLH received a large order it

Lesotho, like other African handicrafts producers, has to overcome the accepted European notion that African sup pliers are unreliable. general difficulty and Lesotho's specific effort are the practical This leads to the third point edge of the current North-



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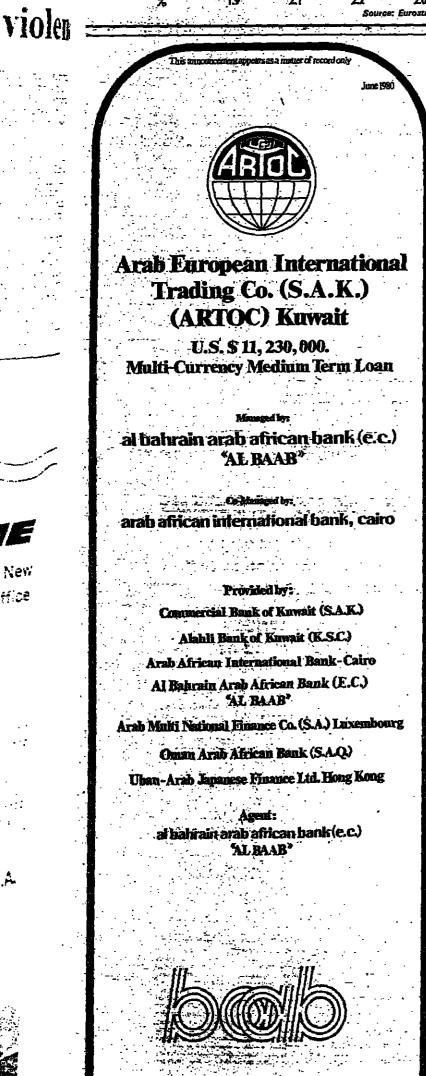
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National Westminster Bank



Building society receipts drop back in August

fell last month while demand for mortgages continued to weaken. Provisional estimates suggest that the net inflow of funds into the societies may have fallen below £300m in August compared with £340m the previous month. The drop was brought about largely by seasonal factors and if the estimates are confirmed the month's intake will still be the second highest recorded this year.

The fall in intake will not create concern among the societies, which are experiencing mounting difficulties in lending the funds they have available. The supply of mortgage finance has been broadly matching the level of home loan demand recently, but there is a growing belief among societies that they are now confronted with a rare phenomenon - a ortage of mortgage customers. which have substantially pushed Societies have rarely had to up the ceiling of individual go in search of borrowers and advances they are prepared to housing market, then political

tive position and the availa- branches and pick up mortgages bility for lending of large on demand. volumes of interest credited to mortgage demand.

There is also no doubt that the banks in the mortgage weaken, some form of action market has taken some of the might have to be taken pressure off the societies.

Advances are still, however, approvals. The societies hope their lending horizons. to lend about £9bn this year against £8.8bn in 1979, although the actual number of loans may be down by nearly 100,000 to rates down before other inabout 620,000.

growing number of societies, operations to attracting are predicting that, if present building society interest rate deposits. But the recent slight trends continue, non-investors structure can be expected.

BUILDING SOCIETY receipts improvement in their competi- will soon be able to walk into

The outlook poses a poteninvestors' accounts have co- tially awkward problem for the incided with a sharp decline in societies. The inflow seems likely to remain at about the £300m-a-month level, and if the increasing involvement of mortgage demand continues to

For a while at least the societies can happily push any running at high levels, reflect- excess funds into liquidity and ing earlier commitments as well invest them profitably, or they as some marginal revival in can try to step up the level of previously cancelled mortgage mortgage advances by widening

It remains unlikely that the societies will contemplate bringing their own interest terest rates in the economy Queues for home loans have fall. But if rates generally do been virtually eliminated by a not fall further in the next few months and the societies continue to attract funds which they cannot push back into the have traditionally geared their make. Some society executives pressure for a reduction in the

Oil prices falling, say brokers

tract) prices for North Sea oil a fall in the price of oil Countries and the U.S.

will be maintained," the report products such as petrol.

says.
"The pressures from the products market as well as from spot dealings suggest that some relaxation for the latter part

The "collapse' of the spot

Colour code for caravans proposed

But Wood Mackenzie believes North Sea crude producers will probably price cuts at least until the end of this year. It adds, however, that this will mean " an element of over-pricing" for North Sea

crudes against Arabian Light. The report says that over the demand, the report says. Des- last year or so, North Sea oil still in the \$35-\$37 a barrel of Petroleum Exporting Coun-barrels a day." Exports have price range. tries, crude oil supply is now averaged 800,000 barrels a day. The question which faces running ahead of demand. This Chief customers for North Sea the oil industry at the moment has led not only to a drop in old exports have been West is whether or not term (con-spot crude prices but also to Germany, Scandinavia, the Low

held in Tokyo next week.

Japanese cars outsold BL models in July, and Datsun's recently re-vamped Sunny reached fourth place in the top 10 list of best sellers. The SMMT has expressed con

cern at the increasing level of Japanese shipments at a time when car sales are declining. The Department of Trade has already indicated it expects the SMMT and JAMA to make a new voluntary pact during the Tokyo talks next week. The restrictions were agreed five years ago when JAMA said its members market

SPOT PRICES for North Sea oil have dropped by \$5 a barrel in the last few weeks and producing companies are now lower their contract prices, according to a report by stock- of the year would be wel-brokers Wood Mackenzie. comed by refiners." The report, published yesterday, says prices of North Sea price is a reflection of falling. \$36-\$37 a barrel to \$31-\$32 a pite "substantially" lower production has remained "virbarrel. But contract prices are output from the Organisation tually static at around 1.6m barrels a day." Exports have spot cargoes have fallen from

THE GOVERNMENT has told local authorities to take into Scottish and Weish Offices, account a new British Standards recommends a remedy in the Institution range of approved colours for caravans when con-sidering planning permission for acceptable for caravan con-caravan parks or sites. the landscape that are also acceptable for caravan con-struction." It plans to do this sidering planning permission for

The aim is to harmonise the caravan colours with those of their surrounding areas. The Department of the Environment feels that too many permanently sited caravans suffer from garish colour schemes. They might reflect the tastes of individual orities in considering requests owners but often clash with should take account of the

most "suitable colours within with selected colours from the BSI range, BS 5252 - in other words, green, slate or sandy

The Government says in a letter sent to local authority associations that planning authrange of colour finishes for only to caravans being freshly "prudently" in Britain.

The Department, with the static caravans. Mobile touring caravans are not covered by the

Static caravans are the most buoyant sector in the caravan industry at the moment. Tourer caravan manufacturers have been reporting sales declining by 10 per cent, but static caravans have traditionally sold well at times of recession. There are an estimated 255,000 static caravans used as holiday homes and 97,000 as mobile homes.

The recommendations apply

Sealink fails to boost Channel traffic Datsun attacks SEALINK, British Rail's ferry operation, has suffered a major setback in its efforts import to boost traffic on its Channel services. As a result it could

controls BY GARETH GRIFFITHS

DATSUN UK, the most successful Japanese car importer, has launched a strong attack on the restrictions on imports agreed between the Society of Motor Manufacturers and Traders (SMMT) and its Japanese counterpart, the Japanese Automobile Manufacturers Association (JAMA).

The restricting of Japanese car imports to 11 per cent of total UK sales has merely European vehicle importers instead of assisting home manufacturers, Datsun said today.

 BL is singled out for attack. Datsun says BL's lack of sales is not due to Japanese registrations, but "must be due to the type of model they are trying to sell, the price, the quality and their marketing ability."

The company, which imports cars from Nissan, Japan's second largest motor manufacturing group, accuses the British motor industry of "bullying tactics" and "moral blackmail" over its attempts to cut back on the number of Japanese cars.

The statement accuses the voluntary restrictions of creating an inbuilt instability in the availability of Japanese cars and depriving consumers of freedom of choice in the car buying market.

Datsun's share of the UK market in August is expected to be about 11 per cent, equal to the entire quota for Japanese companies. However, Datsun says it share will fall in the autumn due to lack of stock.

This is the second such attack on the SMMT-JAMA agreement by Datsun this year. It put forward similar arguments in a series of newspaper advertisements in January and aroused criticism from British manufacturers. A fresh round of talks on the agreement is due to be

FARNBOROUGH AIR SHOW

Sales boost for Westland Helicopters

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS Heliwhich undertakes extensive helicopter opera-tions for the North Sea oil and gas industries, is discussing with Westland Helicopters of Yeavil the possibility of buying up to 25 of the new WG-30 18-passenger helicopters, worth about £30.

Westland are at present developing this model from the military Lynx helicopter, already in service with several armed forces overseas, including **UK** forces Westland have also announced

a new order, worth about £36m, for 24 Lynx aircraft for the Ministry of Defence. This brings total Lynx orders to date to over The new WG-30 civil version THE GOVERNMENT'S mora-

of the Layx has been developed to win a share of the market for civil helicopters, which is expected to expand substantially

advanced stage of technical and said yesterday at Farnborough. commercial discussions, and at the Farnborough International Air Show in Hampshire yesterday Westland said it hopes to announce further orders for the WG-30 in the not-too-distant

Europe bid by **Hughes brings** UK alloys link

Financial Times Reporter

A RENEWED attack on the developing European helicopter market is to be made by Hughes Helicopters, currently vying with Bell Aircraft as the top U.S. producer. The first public demonstra-

· tion of its intentions will be at this week's Farnborough Air Show when a Hughes 500-D machine will air-lift a BL Mini car painted with the Union

This will emphasise Hughes' new link with Auto Alloys (Helicopters), an offshoot of a small Derbyshire specialist supplier of heat resistant castings and other components to the aerospace and automotive in-

Rolls-Royce in Dart sales drive

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE is planning to develop its highly successful Dart turbo-propellor engine further, in a bld to win new markets in an era of increas ingly high and rising fuel

The Dart engine is one of the most successful aero-engines ever built. It has been in service for more than 30 years and nearly 7,000 engines have been sold. It is still in production for such aircraft as the British Aerospace 748 and the Dutch Fokker F-27 twinengined feeder liners.

But in today's era of soaring airline fuel bills there is increasing interest in the turboprop as a cheaper power plant than the pure jet engine. Rolls-Royce is anxious to win as big a share of this market as it can.

The company is therefore planning what it calls an engine "demonstrator" pro-gramme. This aims to produce a new version of the Dart with fuel consumption about 5 per cent better than Darts in

It can see the possibility of further improvements to give

Defence moratorium hits British Aerospace

torium on defence spending has hit production work at British Aerospace's military aircraft "We are a little disappointed

chairman of British Aerospace, He was not specific about the impact, but it is understood built. that the Ministry of Defence has already deferred ordering 18 Hawk jet trainer aircraft for the Royal Air Force and up to 10 Sea Harrier vertical take-off aircraft for the Royal

The impact of the moratorium is certain to be felt also in factories outside British Aerospace which supply components

for aircraft manufacture. Apart from the military British Airways Helicopters that the moratorium has come sector. British Aerospace civil is one of several operators with at this time," Sir Austin Pearce, factories are now almost full to capacity, especially on work for the A300 Airbus and the new A310 version now being

 British Aerospace said it hoped for a Government deci-sion in the next "month or so" formally to award it an 18month to two-year feasibility study on the RAF's "large air-craft replacement programme."

Froude joins consortium

day announced a tri-national agreement with Froude Engineering, of Worcester, and the Environmental Elements Corporation of the U.S. to design and build advance aero-engine

test equipment. Demand for engine-test equipment was expected to increase steadily in the 1980s, Mr. John Norton, group manager of the consortium at Froude Engineer-

ing, said yesterday. New technology engines and rising demand for quieter, less polluting engines, would stimulate demand, he said. FFV, Froude Engineering.

FFV, the Swedish State-owned each have wide experience of defence industries group, yester- the aero-engine test-equipment market. The partnership brings together the advanced instrument and computer experience of FFV, Froude Engineering's 50 years of aeroengine test design and producand Environmental Elements' 25 years of design experience in noise-control

equipment. Froude Engicering, part of and Environmental Elements Heathrow engine-test centre.

total fuel savings of about 8 per cent over engines in Test running of a modified

Dart engine will start later this year. If expected savings in fuel consumption are con-firmed, Rolls-Royce will offer the improved engine to airlines world-wide, not only to BAe 748 and Fokker F-27 operators but also to manu-facturers in the U.S. and Western Europe who are planning new turbo-prop airliners for short-haul operations later

£100m growth in orders

at Lucas By Lorne Barling

LUCAS AEROSPACE has increased the value of its orders in hand by £100m since earlier this year, raising the total to more than £350m, the company announced yesterday.

"Success in obtaining a significant share of the world's new commercial and military aircraft programmes has given a vital boost to the company." it said. The company also noted that it was now recruiting skilled workers at a number of plants.

Lucas is also undertaking an expansion programme with new factories under construction in Bradford and Liverpool, while another is being acquired in Burnley. It recently opened an electronics plant - in Birmingham. Much of the new business

won by Lucas Aerospace, now the largest producer of aircraft components outside the U.S., is from American companies. Its success in international markets was based on an intensive internal reorganisation and a concerted international sales drive, the company said. Development of its design and manufacturing capabilities

was also important. Mr. James Blyth, general manager of the company, said: Redman Heenan International, to be satisfied with our achievehas supplied all the RB-211 jet ments in putting our reorganiengine test equipment for sation strategy into effect. British Airways' Treforest aero- There is now enormous engine overhaul works in potential for future expansion South Wales, and for parts of and investment provided we meet our production targets."

THE DEPRESSING reality of for change and adaptation, it British industrial performance says, so that the country's over a long period is portrayed resources move from areas of in a report today from the weakness to areas of potential National Economic Develop- strength. The survey concludes that ment Office. The report pinpoints, for "current developments suggest

BY WILLIAM HALL, SHIPPING CORRESPONDENT

make a loss this year, and

this could prejudice any

Government plans to intro-

duce private capital into the

Despite having cut many prices, at the start of the

season Sealink has failed to

win any substantial increase

in traffie. Its net revenues

are therefore falling at a

time when its costs and

interest charges are rising

According to confidential

organisation.

sharply.

statistics for July, the number of cars carried by Sealink on

the short sea routes between

Britain and France was un-

changed from a year before

and had risen by only 3 per

cent for the year as a whole.

This is despite price cuts of

By contrast Sealink's main

competitor, Townsend Thore-

sen, increased the number of

cars on its Dover-Calais

route, the most important

Channel crossing, by over 60 per cent in July. In the

first seven months of this

year, Townsend's car-carryings

were up by nearly two-thirds

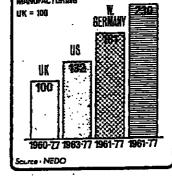
NEDO urges industry to adapt

over a fifth in some cases.

example, the fact that UK manu- that the structural weakening facturing industry not only and consequent relative impirerests less than industry in poverishment of this country france and West Germany, but are both still continuing. poverishment of this country are both still continuing. . . . However, the aim of this booklet is not to depress. it also obtains a lower return in terms of extra output from Rather it is to suggest that if the investment actually under-This suggests that we can learn from past experitaken. This suggests that major improvements in output ence, we, too, can begin to enjoy the same success as other and productivity could be achieved in advance of new countries in Western Europe." investment. Mr. Geoffrey Chandler, director-general of NEDO, makes it

The series of graphs and eccompanying texts in the report underline the openness of the UK economy to international competition; importance of design quality as well as price; the importance of transforming poor performance in the use of productive resources; the need to increase investment in the right directions; and the need to improve profitability. The overriding necessity is

by this Government. He says of this report: "Its



on January-July, 1979, at

With passengers, an area

where Sealink is traditionally

strong. Townsend Thoresen

increased its carryings in

July by 55 per cent to over

408,060, compared with a

Last September Sealink

announced that it was break-

ing away from the pooling

operators agreed common

fares on the Channel. At the

same time Mr. Derek Roberts,

Sealink's UK chief traffic

10 per cent increase at Sea-

287.000 against

arrangement

Sealink's

whereby

lessons can be drawn from our clear from his introduction to experience and to emphasise the booklet that he intends the that a re-examination of our figures to be a starting point policies, our attitudes and our for change, not simply confirmation of the present. Mr. assumptions about the future is Chandler has previously shed essential for all of us if we are to recognise our individual and the traditionally uncommitted role of NEDO to call for a more collective responsibility for the future economic health of the interventionist role in industry country.

British Industrial Perform

THE EFFECTIVENESS OF INVESTMENT

purpose is to show that positive ance. NEDO Books. £1.

'Sell debt to personal sector'

BY PETER RIDDELL ECONOMICS CORRESPONDENT

THE GOVERNMENT should increase its efforts to sell publicsector debt directly to the personal sector now, via new national savings schemes, James Capel, stockbrokers, say in a new circular.

This call is based on an analysis of the money supply showing that more than 90 per cent of the growth in the past la years has come from personal sector sterling bank deposits. These have risen by about £1bn a quarter.

James Capel say that if the Government tapped this market be released for invest-

"To attempt now to oversell public-sector debt to the institu- circulars is generally fairly supply.

reached 10 years ago.

that the worst was now over and

that the industry could look

forward with confidence to the

omic recession has exacerbated

the underlying pressures on the

food industry to make hopes of

a consistent profits growth appear slim. The next few years

major food companies, followed

by rationalisation of jobs and factories, higher food imports

and, inevitably, higher prices

Mr. James Cleminson, presi-

dent of the Food Manufac-

turers' Federation, has already warned that food prices will

have to rise by about 20 per

cent this year just to enable

food companies to maintain

their present depressed profit

Such price rises are likely to

depress even further volume

sales of food, which have been

static for much of the past

decade. In addition, renewed

such as frozen and other con-

£20bn. last year, the volume of

ing for inflation, has remained

venience foods.

constant.

for the consumer.

levels.

However, the current econ-

new decade.

tions would probably prove to be fruitless, given the small growth record of their bank deposits relative LO. increasing cash flow." Accordingly, the brokers be-

lieve there is an overwhelming case for new debt instruments to attract funds directly from the personal sector, and that urgent consideration of such ideas should take precedence over discussion of new ways of issuing gilt-edged securities or other innovations aimed at financial institutions. This call follows a report a fort-

the need tot sell gilt-edged stock night ago that the Government to the financial institutions is considering possible improvewould be reduced and funds ments to national savings perseonal saver.

gloomy about the immediate outlook though there is greater optimism about the prospects for the late autumn. example, Scrimgeour, Kemp-Gee and Co., brokers, expect a growth in sterling M3, the broadly defined money supply, of 4 per cent to be shown by

Montagu Loebl Stanley and Company, brokers, conclude that scope for a genuine fall in interest rates is limited at pre-

the August figures due out next

brokers, are more optimistic. They conclude that a decline schemes with the aim of attract- in the growth of sterling M3 ment in long-term corporate ing more money from the may be in sight following decleration in expansion of M1; they produce only those most The latest batch of brokers' the narrowly defined money

handle a large number of feiry bookings. Volvo cuts price of spare parts

manager, said it was Sealink's

intention to "become the

John Lewis of the Channel

after

announced its 1980 tariffs.

which involved an average

15 per cent increase in fares.

Townsend Thoresen unveiled

tariffs which were substan-

Sealink then decided to cut

many fares and started a

series of monthly bargain

offers which resulted in con-

fusion at travel agents, which

tially cheaper in some cases.

undersold."

Shortly

be knowingly

Sealink

By Kenneth Gooding, Motor Industry Correspondent

for trucks

VOLVO OF SWEDEN is cutting the UK price of more than 200 truck spare parts by up to 55 per cent as part of a plan to improve the competitive position of its dealers.

In addition, to encourage owners of the 25,000 Volvo trucks on British roads to use only the 43 official dealers and service points, the group has given a warning that some parts purchased elsewhere—even in Volvo packaging—have turned out to be sub-standard.

It claims the overall cuts range around 18 to 26 per cent. The weighted average—which Volvo says is the true value of the reduction to the truck operator—is about 26 per cent. The reductions put Volvo's own spares in a highly competitive position compared with similar ones offered by outside manu-

Volvo pointed out that its truck output rose from 21,000 a year to 31,000 in the six years to 1979 giving substantial economies of scale. It has recently streamlined its parts handling system after setting up a £17.5m central warehouse at Tuve in Sweden. "Operators have discovered

to their cost that using imitation parts can be costly because of the invalidation of the vehicle warranty and the fact that non-genuine parts have no cover for consequential damage," said Volvo at the week-

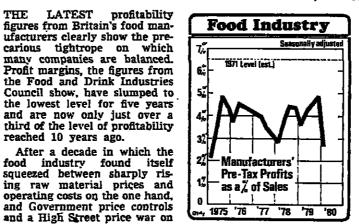
Volvo considered following the example of other groups and manufacturing parts for a wide variety of truck makes so as to win a bigger share of the Buckmaster and Moore, stock- market for replacement parts.

But it decided instead to fight back against those rivals which, like the full range of parts: the profit from the top."

Collapse of some companies likely followed by rationalisation

Food manufacturers' profits slump

BY DAYID CHURCHILL, CONSUMER AFFAIRS CORRESPONDEN



this phenomenon follows from the fact that, as consumers' incomes rise, in real terms they items other than food."

The Institute adds that "the proportion of spending on food, therefore, can be seen to decline as incomes rise." This is a consistent trend, it says, as shown by the fact that in 1948 food spending represented some 30 per cent of total household spending, while by 1973 it was down to 19 per cent. " Declining real incomes following 1974 led, as would be expected, to a slight rise in this proportion. But with incomes again rising from 1977 the downward trend has con-

Another factor in the static volume sales of food is the general stability in the size of the UK population. Consumers are thus physically unable to consume more food after a certain level. This effect has already been felt in other Western economies, particularly focus on prices could lead to in the U.S. where the slow-down consumers "trading down" to in the overall size of the food more basic foodstuffs instead of market started much earlier buying higher margin foods than in Britain.

The slow-down in the growth of the UK market was acceler-The lack of growth in con- ated during the 1970s by the sumer demand is shown by rapid rise in food prices which Government figures for the outstripped the general rise in amount spent on food. While the retail prices. The price rises value of food sales has risen were mainly due to British from £6bn in 1970 to over adjustment to higher food prices under the EEC's Common Agrisales in real terms, after allow- cultural Policy, as well as the steep oil and commodity price

The Institute of Grocery Distribution points out that biscuit flour, refined vegetable foods are also becoming con-dangerous slide."

three times as expensive as they were five or six years ago. Although such cost pres-

towards the end of the 1970s, they began to creep up again last year. Raw materials bought by food manufacturers rose in cost by 12.2 per cent in the past year, compared with 7.3 per cent in the previous year. At the same time, labour costs have soared with earnings up by over 21 per cent in the past year, compared with 12 per cent the previous year.

facturers has been that, with volume demand static, they have been unable to pass on the full cost increases to the consumer in the form of higher manufacturers the chance of food sales even further. Food manufacturers depend on the snacks and frozen foods, are high volume of sales being maintained, since the profit margins on individual products have always been low. But having to absorb extra costs as well, has gradually brought margins down over the past decade.

The manufacturers' problems, while serious, would not have been nearly so acute were it not for the development of a number of aggressive chains and lower prices.

At the same time, the major turers, anxious to keep their the element of competition. own sales high, have usually agreed to such discountswhich has even further depressed their profit margins. The classic example of the

to retailers was shown by the collapse of Spillers baking interests two years ago. Basic raw materials, such as Manufacturers of processed threatens

oils. refined sugar, and dried cerned at the growth in demand fruit are all now more than by consumers for fresh foods, by consumers for fresh foods, resulting from widespread publicity for improved eating habits. Retailers, on the other sures were starting to abate hand, are encouraging this trend since fresh foods carry higher profit margins for

them. There are some reasons, however, for food manufacturers to be not quite so gloomy. controls have been abolished, for example, and the Monopolies and Mergers Comy over 21 per cent in the past mission, in a report soon to be ear, compared with 12 per published could call for legisent the previous year. lation to curb retailers demands for large discounts.

While the overall food ; market remains static, there are some sectors within it that prices for fear of depressing more profitable business. Most convenience foods such as more profitable for manufacturers-although these could be hit if consumers trade-down as the recession bites.

Another reason for optimism is that, while some manufacturing sectors—such as for ciothes and consumer durables -have been hit hard by the recession, food sales have not fallen to the same extent.

In the longer term, however, at the retail end of the food the effects of the consistent industry. Retailers such as erosion of food manufacturers'. Tesco, J. Sainsbury, and Asda profitability will be to accelewere forced by the same static rate the trend towards fewer demand for food to embark on manufacturers, each with a price-cutting to boost their larger share of the market. This turnover at the expense of could lead to reduced con-small grocers unable to match sumer choice as manufacturers the multiples' higher turnover of subsidiary brands go out of business.

Thus, by the end of the 1980s. multiples have used the fact the food industry could be of their higher turnovers to dominted by a handful of major demand extra discounts from retailers and manufacturers, the manufacturers. Manufac- with an inevitable reduction in

In the short-term, however, the prophecy made two years further ago by Sir Hector Laing, chairman of United Biscuits and a senior member of the food result of giving large discounts industry, looks even more appropriate today. He said food manufacturers were "on slippery slope which

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Week of confrontation faces Westward Television

IF THE WARRING factions on the Board of Westward Television needed further confirmation of the dangers which surround their arguments, it has come this morning from the voice of Mr. Simon Day.

Students of this tortuous West Country saga will recognise Mr. Day's name from earlier episodes. He is a Devon landowner whose estates border those of Mr. Peter Cadbury, the deposed chairman and still the largest single voting shareholder in Westward TV. Above all, Mr. Day is leader of one of two consortia trying to wrest the independent television franchise for the West Country from Westward.

Now Mr. Day's group, West Country Television, has said that the restless employees of Westward, increasingly alarmed about the future of their company, need have no worry — all non-policymaking staff have their jobs guaranteed if WCTV

The Day promise must make chilling reading for Mr. Cadbury and the man who displaced him as chairman, Lord Harris of Greenwich, the former Labour Minister. It is a clear indica-tion that, while Mr. Cadbury and his two supporters on the Board have been fighting the remaining 11 directors, the rival consortia may have been quiet -but certainly not idle. Both smell a hugely greater chance of success now than three

There is a real prospect that, whoever wins the Westward wrangle the loser will be Westward itself. This prospect added considerable edge to the meeting of the Board and backers of West, of Dartington yesterday. ^{lur}estword's arguments have been moving inexerably towards the courts for several weeks and the parties will appear before a judge on Thursday seeking confirmation of their rival actions. The whole affair broke into the public arena when the board of Westward voted 11 to 3 to remove Mr. Codbury from the chair after allegations of confusion hetween his turbulent public image and that of the company, Mr. Cadbury has 17,5 per cent of the 200,000 Westward voting shares, and his family and friends own considerably probably get himself returned to office, and it is the probability which Lord Harris and colleagues have been fighting strenuously to prevent.

Crucial dates

The present hoard has called a decisive shareholders' meeting for October 17, and meanwhile it is trying hard to find ways of stopping Mr. Cadbury from company may become subject over the value of Westward's using his crucial votes. Mr. to an undesirable dawn raid, assets, notably the main central Cadbury, in turn, has sum. Therefore, it prefers a limited Plymouth studios. The market ember 10. The judge is being asked to assess the validity of ownership of those shares to sustain the share price. That these rival meetings. He will requiring to approve any is not an opinion shared by all possibly refuse at this stage dealings in them.

Arthur Sandles reviews the saga of Westward Television and concludes that, whoever wins the confrontation for the control of the company, the loser may well be Westward itself.

to do any such thing. Between the projected Cadbury and Harris meetings lie two important dates. On September 23, the board of Westward has to put its case for public meeting in Plymouth, sponsored by the Independent Broadcasting Authority. The two rival bidders must also do the same thing. In early October, Mr. Cadbury appears in

The two rivals will face the IBA public meeting with united boards and united shareholders. But whoever wins the Westward row on that Sept-ember date, the Westward team will have behind it both troops and officers deeply involved in internal struggles.

police time.

Fairly early in the row, a large number of staff at Westward's London office—a fairly big operation occupying much of the building above Sloane Square underground station voted their support of Mr. Cadbury. More recently, the staff at Westward's Plymouth offices, the main production centre, voted for an early end to the dispute, whichever way it is to go, so that the franchise

could be retained. The significant is that in this argument both staff and shareholders - two of the most interested groups - have been effectively debarred from the debate. Westward has no worker directors in the bluecollar sense. And besides those 200,000 voting shares, there are also more than 9m non-voting

Non-voting shares are the norm in commercial television although they have become notoriously unfashionable elsewhere. The reason is that the IBA prefers things that way. It has paid lip-service to

democracy in programme policy and much else (indeed, its enthusiasm for public meetings draws groans from television company executives who are obliged to show up at them), but it is less enthusiastic about they would indulge in green shareholder democracy. Its field building of studios. This great fear is that a television raises a huge question mark number of voting shares. keeps a strict eye on the

Mr. Simon Day's own application reveals his consortium's desire to conform to this IBA lore. WCVT will have 5m nonvoting, and 790,000 voting These voting shares, nonetheless, will be distributed in such a way as to make it difficult for any one person to have more than 2.5 per cent of the total voting stock.

Voting-shares

ignoring traditional IBA wisdom and proposing that all share-holders should have votes. The plan may carry more weight now than a few months ago. when Westward was seen as one

of the safer franchise areas. Westward has earned a good reputation as a producer of retention of the franchise to 2 programmes, and there seemed much less reason to disturb its domain than might be the case elsewhere. But the scene is somewhat different now. Westward has cause for concern over the calibre of its chalcourt on a charge of wasting lengers who are by no means lightweight.

TVSW's backing, for example, is formidable. It counts Gresham Trust, Britannia Arrow, ICFC, London Life, British and Commonwealth, and the Imperial Group pension fund among its supporters. The Dartington Trust adds a considerable edge

of local prestige.
WCTV has been coy about publishing the names of its but claims pledges have been received for a very substantial sum from a wide section of local individuals and businesses and no difficulty is antiteipated in achieving the aim to raise more than 50 per cent from sources in the West Country." Mr. Day himself is chairman of Devon County Council finance committee and an active local politician (a former Tory candidate)

and businessman. On his team is Mr. Bill Ward, former managing director of ATV network. Both groups have submitted proposals to IBA prepared long before the Westward row and pointing to areas in which the incumbent is said to be weak. Mr. Day's team had a Marplan survey done of the area, suggesting that the fiercely proud West Country residents wanted far more local programme content than Westward has been giving them. It produced, incidentally, an intriguing problem for the IBA in asserting that the West Country wants less national, religious, and political programming and more

local gossip and drama. might be worried by the claim of both bidders who say that seems to have taken the view that the asset value is enough

^tProfits of £110m expected at Lloyd's

THE TOTAL profits of Lloyd's of London underwriters may reach £110m for the 1977 underwriting year, even allowing for computer leasing losses following the largest series of claims in history.

According to some City analysts the results, which are due to be published on Thursday. could be £13m down on the £123m profits declared for the 1976 underwriting year.

Lloyd's uses a three-year accounting method and the 1977 figures will be the most recent available. Accounts are kept open for three years and claims paid during the period of account are taken back to the original year in which the insurances were placed.

The 1977 underwriting year was the main period in which computer leasing insurances were accepted by underwriters. The policies protected leasing companies against the early termination of leases by the customers.

When cheaper IBM models became available in 1978 most customers gave notice of can-cellation. More than 14,000 claims poured estimated officially to total £175m well in excess of Lloyd's 1976 underwriting year profits

The 1977 underwriting year is likely to be better than expected, notwithstanding computer leasing losses, for three

 Underwriters have benefited from investment income on cash Claims are being paid on

computer leasing policies very slowly so there has been no dramatic loss of funds. By allowing some computer leasing groups to use legal action to pursue their claims against underwriters, Lloyd's has gained time to invest its funds to offset any losses arising from a later settlement.

Other classes of insurance business at Lloyd's experienced a good underwriting year.

Waste heating for electricity board building

tricity Board is to replace the lectric central heating at its headquarters in Cathcart, Glasgow, with waste heat piped from its computer building nearby.

THE South of Scotland Elec-

The computer building is 100 yards from the headof electricity for air conditioning to keep the computer workefficiently, the Board said yesterday.

This announcement appears as a matter of record only

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Sharp drop expected in TUC membership

to drop this year—the first real decline since the 1920s.

Mr. Len Murray, the TUC's pre-congress review that the policies. Mr. Murray said that decline would be due unemployment.

"I don't expect to see a massive reduction—unemployed workers don't necessarily leave their unions."

TUC membership rose last year, from 12,128,078 in 1978 to 12,172,508, organised in 109 affiliated unions.

Mr. Murray said the increase of nearly 45,000 was " a remarkable development — considering tinue to be free to discuss a the level of unemployment in 1979." largest decline

membership was in the sector

which includes workers in glass, chemicals, food and distribution. teel and clothing trades.

The largest rises in union membership in 1979 were in

MEMBERSHIP of unions the building and woodworking, affiliated to the TUC is expected public employees, and technical policies for economic recovery and scientific groups.

Questioned about polls claiming to show a lack of confidence general secretary, said in his in trade union leadership and the TUC had been out of step with the membership - it had been in front of it, and the membership was now catching

> He said he had no regrets about the Day of Action on May 14. What we did on May 14 i snow being seen as right. That's what leadership meanssticking your neck out. Mr. Murray said the General Council of the TUC would con-

wide range of matters with the Covernment, including income. He said that income should be defined to include profits and rents, as well as wages.

On the forthcoming talks between the General Council and the Prime Minister, Mr. Murray said that "it takes two to make a dialogue."

The talks would centre on and the reduction of unemploy-

ment The leader of the Opposition, Mr. James Callaghan, is scheduled to speak to the 1,200 delegates tomorrow afternoon.

Mr. Murray said that he expected Mr. Callaghan would talk about how the Labour Party and the TUC-" each in our own way and together "-could resist Government's economic policies.

• The TUC has produced special congress broadsheet as part of its campaign for econo-

mic and social advance. It attacks the level of unemployment and describes the

Employment Act as "just part of an anti-union strategy." The Act, it says, now means

British workers' rights compare unfavourably with those of other European workers in a number of key areas, "including unfair dismissal, materinty and mini-

Chapple to organise his own visit to Poland

BY NICK GARNETT, LABOUR STAFF to enter Communist dictator- free trade union movement

MR. FRANK CHAPPLE, the general secretary of the electricians' union EPTU and bitter critic of the planned TUC visit to Poland, said yesterday that he would be attempting to organise a separate trade union delegation — but to visit the

Polish strikers only. The decision to do this, which underlines and emphasises the division within the TUC over the proposed visit, came after an executive meeting of his union.

It agreed to vote against the TUC General Council's own emergency motion on Poland. This motion, hopes for the setting up of an independent trade union movement in the country and also gives congress support to the forthcoming visit by members of the TUC's

economic committee.
Mr. Chapple said yesterday
his executive was not prepared

Governments.' Mr. Chapple will be trying this week to organise a delegation but was mindful of possible visa difficulties.

At the same time, the executive of the Civil and Public Services Association voted by 25 to none against with eight abstentions to keep its motion which calls on the TUC to

abandon the Polish visit. The CPSA, which has been resisting attempts to have the motion withdrawn, appears to little chance of succeeding, ings with official trade largely because the General unionists were secondary. Council's own motion will be

The CPSA delegation is trythis precedure.

ship at the behest of Communist (SMOT) in the Soviet Union who was deported from the USSR in the summer, said yesterday that the visit of the TUC delegation as it was currently arranged would be slap in the face" for the Polish strikers.

It was a "nonsense" and would do "harm" to the

strikers. In a slightly confused press conference, organised by the electricians' union, Mr. Borisov said he would support a TUC delegation to Poland if its main intention was to see believe, however, that it has the Polish strikers, and if meet-

The TUC visit has been ar ranged with the official trade movement, but the ing to alter the timetable for British delegation wants to see representatives, including the Mr. Vladimir Borisov, the strikers of all trade union deelectrician and organiser of a velopments in the country.

BL forced to shelve new pact with unions after disagreement

BL's ATTEMPT to secure an Instead, individual unions will caretaker role until the new agreement with unions which would commit them to taking active steps to prevent unofficial or sympathetic industrial action has effectively been suspended, at least until later in the year, because of union disagreement over the company's negotiating

The freezing of the company's proposals, which have already been under consideration by the unions for three months, results from the union's decision not to let the Confederation of Shipbuilding and Engineering Unions handle negotiations with the company after it withdrew its car and vehicle divisions from the Engineering

Employer' Federation. The unions were due last Friday to give their response to the company's confidential draft relationship agreement, which includes the clauses on unofficial and sympathy strikes, but the CSEU felt it could no longer speak for all BL unions.

13,700 jobs

lost in textiles

A TOTAL of 13,720 jobs were

iost in the UK textile industry in

the first seven months of this year. Yorkshire saw 7,399 vanish, Scotland lost 2,627, and the remainder went in Lanca-

shire, the North West and the

Notified claims for short-time

working subsidy over the same

These figures were published

at the weekend by the National Union of Dyers, Bleachers and Textile Workers, whose members

will be distributing leaflets among West Yorkshire shoppers

West of England.

period reached 10,195.

frame their own responses to the proposals, which could further delay agreement. One apparant casualty of the switch in bargaining, which will now be handled by individual

vehicles, is the company's proposal for a BL Council. The council would have had as its terms of reference the formal acknowledgement by both the company and the CSEU formal acknowledgement of "their unique responsibility for securing the survival and the success of the UK's only

It would have served as "the formal link between BL and the

Mr. Alex Ferry, CSEU general secretary, said yesterday the company would now have to develop new structures, involv-

negotiating councils are established. Eventually, its responsi-bilities will be limited to lobbying the Government over wider industrial issues concerning BL. The ending of CSEU involve-

negotiating bodies for cars and ment with BL is seen as a clear victory for the more militant Transport and General Workers' Union over the moderate engineering wanted to maintain CSEU involvement Further difficulties between the two large unions could lie

ahead because they have yet to remaining automotive manufacdecide the composition of the new councils.

BL was unwilling to receive a pay claim this year from the unions before they had resolved their own differencs over which

body should present it. Presentation of the pay claim —shop stewards have been calling the two new bargaining ing for 20 per cent as a target bodies, before the council could —is now expected to proceed, -is now expected to proceed, using the present negotiating

be set up. using the The CSEU will continue in a machinery.

Scottish steel plant to put 6,000 on short-time

STEELWORKERS' union leaders at British Steel's Ravenscraig plant in Scotland disclosed at the weekend that they had been told by BSC that nearly 6,000 workers at the

week every eight weeks, but at the weekend Mr. Tom Brennan, Iron and Steel Trades Confederation convenor, said

workforce would face working Steel's only three week in every four.
Scotland Scottish MPs immediately declared that they would seek talks with both Sir Keith Joseph, Industry Secretary, and Mr. Ian MacGregor, BSC chair-man, to try to seek guarantees plant face short-time working. Mr. Ian MacGregor, BSC chairman, to try to seek guarantees that 600 workers at the plant that the steel industry in Scotwould be laid off one day a land would not be further run

down. A BSC spokesman could not confirm that all employees at the plant are to be put on shortthis month, urging them to buy that the unions had been told time working but he said that British textiles and other that unless there was a dramatic clothing in an effort to save jobs. I change in the order load all the was being continually reviewed.

critics By Philip Bassett, Labour Staff SIR JOHN BOYD, the moderate general secretary of the Amalgamated Union of Engineering Workers, vesterday criticised Leftwingers in the union for their "sabotaging" attacks on Mr.
Terry Duffy, the AUEW
president, in the final run-up to the opening next week of the union's presidential hallot

Boyd

attacks

Duffy

101

omp

Ballot papers will be des-paiched tomorrow week to all the 1.1m members of the AUEW engineering section. These will be for a round of elections for a range of posts at different levels of the union's organisation. The most crucial election is

for the union's presidency. About eight candidates are standing for the post. In spite of inclusion in the lists again of Mr. Roy Fraser, the unofficial leader of BL's militant toolmakers, the main challenge to Mr. Duffy's re-election will come from Mr. Bob Wright, the union's Left-wing assistant general secre-

The result of the first round of the election—if one cardidate fails to secure an overall majority the two leading contenders hold a second ballot in the spring—is likely to be known by the end of next month. Mr. Duffy beat off a strong challenge from Mr. Wright to secure his first presidential ierm.

First word

Mr. Duffy has always been seen to have been closely associated with Sir John, so the general support for his re-election against the Left-wing challenge is no surprise.

Sir John's statement in his editorial in the union's journal is, however, the first official word of the union on the forthcoming elections. These will be a crucial battle between the Right-wing controlling the union, and its Left. The statement is effectively a plece of outright campaigning on Mr. Duffy's

Sir John says that it is " discreditable" of those union members who "for their own selfish aims and personal ambitions" are distributing literature seeking to belittle the efforts of the union's present leaders and to "denielected leadership."

Sir John says that "such sabotaging stunts are an insult to the intelligence of

our members. Unofficial campaign literature, including Left-wing "Dump Duffy" badges, has as usual been circulating in the union, which makes no secret of its deep political divisions.

Puppeteers ...

In particular, some of the Left-wing literature has been critical of the dominance maintained by the Right at the union's national committee earlier this year. Then, among other decisions, Leftwing attempts to set a minimum target of £115 for the engineering industry pay claim submitted last week to the employers were rejected. Some literature pictures Sir John and Mr. Duffy as puppeteers controlling the committee's 29 Right-wing

delegates.
Sir John stresses the leadership qualities shown by Mr.
Duffy and the present executive council in last year's engineering dispute over pay and hours, but also in attempt-ing to influence the policy of both employers and Govern-

ment. Sir John states: "That success has not as yet crowned these efforts is not the fault of our present dedicated leadership who, in conformity with our union's policies, will be seeking to direct the debate and decisions at the TUC to concentrate on these important. Issues in the interests of job security and our members' standard of

'Systematic attack' on union power

BY NICK GARNETT, LABOUR STAFF

THE Government was accused employers to cut real pay yesterday in an economic book- levels," the union said yesterlet produced by the Society of Civil and Public Servants of operating a coherent policy to undermine the power and influence of working people.

The booklet, "The Advance of Decline," says the effect of the present policies of unemployment, higher prices, and cuts in State benefits and services is to reduce living standards by more than £15,000m a year—an average of over £10 a week for every adult worker in the country. There is a systematic booklet, which will be sent to

attempt by Government and

 \cdot

were said to be responsible for as much as half the increase in prices up to the middle of this

MPs and trade unions as well

cutting public sector wages.

delegates. "The CBI is trying to Mr. Gerry Gillman, the union's general secretary, said

organise private employers to cut real wages. The Government yesterday that unions must resist the Government's econois implementing a policy of mic policies and that one of the primary ways of doing this "The rising level of un-employment is being used to was through economic educaintimidate workers, and attacks are being made on trade union

organisations to weaken resistin a series produced by the union as a critique of Govern-Specific Government measures

The Government tries to

as being circulated among TUC employment is caused by pay rises and that the solution lies in chiffing workers' pay. This is a systematic lie.

"The Government itself has created unemployment by constraining the money- supply, making cuts in public spending. maintaining high exchange and tion. interest rates and imposing this was the principal reason cash limits on public services for publishing the booklet, third and nationalised industries. "It then uses the rising level

of unemployment as a threat ment economic policies.

In a letter to MPs introducing attempt to cut real pay levels."

The umon said yesterday that the most appalling consequence tax changes had not benefited The society is producing of current policy is the level of ordinary workers but had unemployment.

Shifted the burden away from businesses, unearned and highput across the view that un-level incomes

COMPANY N

FOR INVES

Piember I

in the spring-is h

month. Mr. Dun

COST TO PARTY TO DEE officers of the more

Profesional 200 le 🗓

DIAMOND SELECTION LIMITED

Growing role of computers

WHAT HAS a perriame bottle one of the leaders in CAD/CAM maker, a car mamifacturer, an technology, the design cycle for embroidery artist land an a car has dropped from five

embroidery artist land an a car has dropped from five aircraft builder in common?

They all use species of computer added design and manufacture in produce their species of computer added design and manufacture in produce their land available with typical settling speeds of 800 nanoseconds.

General Motors in the U.S. General Motors in the U.S. The new products, the HI-516 design of its mid-sized cars. In the company said that these models would have taken an extra year to produce without such a system.

In its most basic form, a computer aided design/manufacture system—CAD/CAM for fancy perfume bottles. Its productive has increased seven-

computer, a typewriter style fold since it hought Computer-keyboard, a monitop television vision's system. For every screen, and a light pen'. With bottle design which appears on the aid of a special computer programme; the user can draw rubhish bin. the outline of any component from a simple gear to a complex integrated circuit with the light

pen.
Once. drawn it can be simulated in three dimensions on the screen to any desired angle, produced in front side and top views; rotated and manipulated in any other way. manipulated in any other way. This means that the designer can easily modify the part he has designed, change the scale at the touch of a button, annotate the drawing and even check that it will fit in with other parts of the overall

Once he is happy with the design, a paper copy can be automatically printed. In addition, the computer can

be used to carry out detailed analysis of the parts performance and generate the computer tape needed to guide a numerically controlled machine which will actually make it. The computer can work out how much material is needed to make the part and its cost, giving complete control over the light loads

CAD/CAM systems have beproduce circuits without auto- trolleys. mating the process.

Now they are beginning to find application in the mechanical engineering industry for nical engineering industry for enabling it to perform the a wide variety of applications "doughnut" type of tyre mould-from aeroplanes to half dayers, ing as well as other rotational According to Computervision,

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1st September, 1980.

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INVESTMENT

short—is made up of a mini. ductivity has increased seven-

adopted CAD/CAM simply to make better use of their existing staff. Much of the emphasis INSTRUMENTS in selling such systems has been placed on the dramatic in-creases in productivity which can be achieved.

Many of the companies which manufacture CAD/CAM systems are relatively small since until at the touch of a button annotate the drawing and even
check that it will fit in with
other parts of the overall
design.

But this situation is likely

to change since the market last year was estimated to be worth about £100m and has been growing at the rate of between 35 and 50 per cent a year.

ELAINE WILLIAMS

COMPONENTS Wheels for

PNEUMATIC tyres rotationally moulded from unreinforced pvc come increasingly popular over. or other flexible plastics have the last five years or so. Origi-been introduced by Dawman and nally they were used chiefly by. Co., Barrowford, Nelson, Lancs electronics companies for inte- (0282 66454) for a variety of grated circuit design. Silicon low-speed leisure vehicles such chips had become so complias golf carts, garden wheel-cated that it was impossible to barrows and boat-launching

Dawman claims to have developed a new rotational machine with several special features,

ELECTRONICS

Interleaves analog signals

THE TREND to microelectronic circulary means that devices which once occupied substantial floor space can now be supplied as palm sized packages.

Among the latest are new additions to Harris Semiconductor's family of high speed analog multiplexers.

Harris says these are the

is eight channel and also single ended/differential selectable. The cost of the packages again rubhish bin.

Faced with the difficulty of obtaining skilled draftsmen and designers some companies have adopted CAD/CAM simply to in the microelectronics. For quantities of 100 and more, the 516 costs £13.67 and the 518, £7.11. More from Geoffrey Haynes of Harris on 0753 34666. illustrates the advantages of

Keeps a

underground PORTABLE chart recorder weighing 4.9 kg and developed for the Mining Research and Development Establishment has been introduced by Rapco Electronics, 10 Joule Road, Houndmills, Basingstoke, Hants. (0256 25454). Battery-powered it is being used underground by the National Coal Board to record signals from transducers measuring temperature strain flow, tilt and hydraulic

The Rapco PCR 1 is a self-contained single-pen potentio-metric recorder with 10 switchable chart speeds from 12 mm/hour to 12 metres/hour and a choice of four inter-changeable signal-conditioning modules for accepting voltage, current frequency and straingauge inputs. Standard 120 mm by 15 mm chart-rolls with sprocket holes on both sides are

Two transparent hatches in the front panel allow access to the chart for writing notes and to the controls while the instrument is running. housing is a welded stainless

ESSO PETROLEUM COMPANY LÍMITED

PUBLIC INQUIRY

PIPE-LINES ACT 1962

NOTICE IS HEREBY GIVEN that whereas Esso Petroleum Company Limited has applied to the Secretary of State for Energy for authorization under section 1. (1) of the Pipe-lines Act 1962 for the construction of a cross-country pipe-line to convey refined white oils between a point on Esso's existing Fawlay to West London Terminal multiproducts pipe-line near Atton, Hampehire, and Esso's Puritiest Terminal in Essex via Gatwick Airport, and objections have been made to the proposal, the Secretary of State has cirected that a public inquiry be held. The inquiry will be held at County Hell, Maidetone, Kenf, on 28th October 1980, at 10 a.m.

at County Hell, Maidstone, Kent, on 28th October 1980, at 10 s.m. Mkr. G. M. Jefferis, T.D., F.R.I.C.S., of the Department of Environment's Planning Inspectorate has been appointed by the Secretary of State to hold the inquiry and will be prepared to receive the evidence of any activatory objector (as defined in the Pipe-lines (Inquiries Procedure) Rules 1987) and of any other person he considers to have legitimate interest in the subject-matter of the inquiry. He will be assisted by an assessor. The inquiry will be held in accordance with the Pipe-lines (Inquiries Procedure) Rules 1967, SI 1967 No. 1769.

(Inquiries Procedure) Rules 1967. SI 1957 No. 1768.

Esso Petroleum Company Limited has requested the Secretary of State, it he authorises the construction of the proposed pipe-line to authorise it along a route modified between the crossing of the new A2 Trunk Road in Darenth Perish, by the entrance so Mabledon Hospital and the junction of St. James's Lang and the old A2 Trunk Road (Wating Street) in Stone Parish. Opportunity for objection to this departure from the route delineated on the maps which accompanied the application will be afforded at the public inquiry. The modified route referred to above is shown on the maps deposited at the offices on the attached schedule. A copy of the Company's application, together with the supporting decuments (including maps and phans) intended to be put in evidence at the inquiry, may be inspected at the Department of Energy, Room 1368, Themes House South, Millbank, London S.W.1, or the offices of Messrs. Pearsons, 53 High Street, Alson, Herits.

A copy of the map(s) showing that part of the routs of the proposed pipe-fine which runs through the area of each county council affected can also be inspected at the offices of the council, as set out in the Schedula below. Κ, F. PADDOCK Head of Pipe-lines Inspect

29 August 1980

THE SCHEDULE

Hampshira County Council , The Castia Winchester SOZ BUJ Surrey County Council County Hell Kingston-upon-Trames West Sussex County Council

Kent County Council Meadow House Medway Street Meldstone, Kent

Essex County Council County Hall Chaimsford, Essex

Sast Hents District Council

Waverley District Council Council Offices Bury Fields Guildford, Surrey

Mole Velley Dietrict Council Council Offices - Bull Hill Leatherhead, Surrey

Crawley Borough Council Town Hall The Boulevard Crawley, West Sussex Tandridge District Council Harestone Valley Road Caterham, Surrey

Sevenceks District Council Whitecaks London Road Swanley, Kent Dartierd District Council 60-78 Highfield Road Dartierd, Kent Thurrock Borough Council Whitehall Lane Graya, Essex

Reigate and Banster Borough Council Town Hall Castlefield Road

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Notice is hereby given that, under condition 4(c) of the Notes, the holder of any of the Notes have the option to have such Note, or in the case of Notes in denominations of KD 10,000 or KD 100,000, part (being an integral multiple of KD 1,000) of his Note redeemed by the aBnk at 100 percent on 15th February, 1981. The exercise this option Notes to be redeemed must be deposited with the Fiscal Agents or either of the Paving Agents as the addressed the Fiscal Agent or either of the Paying Agents at the addresses specified below at any time between 1st October and 31st October, 1980 (inclusive of both days).

Any Notes so deposited may not be withdrawn without the prior consent of the Bank and where partial redemption of KD 10,000 or KD 100,000 is required, such Note should be first exchanged for Notes of the appropriate denominations under Condition 10.

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37, Rue Notre Dame, Luxembourg Manufacturers Hanover Limited
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COMMUNICATIONS

TV pictures over phone lines

Post Office is to be manu-factured under licence by

the British Telecom Research Centre at Martlesham Heath, is called slow scan television, it is basically a method of reducing the vast amount of data provided by a television camera to a level which can be handled by an ordinary telephone line. What British Telecom did

SECURITY & SAFETY

A METHOD of transmitting converting it into a digitised way conferencing, remote monitelevision pictures over tele-form and sending that digitised toring of plant or processes and phone lines developed by the signal down the telephone line. Using a private leased line, range of uses where continuous the technique is fast enough to observation is necessary but allow a separate picture every second to second changes are 5.4 seconds, a speed equivalent relatively unimportant to 48 thousand bits a second. The final image is displayed The technique, developed by

switched network, a picture can vision monitor. The system

was to settle for capturing a have to be very quick indeed single monochrome TV image, to beat the scanning rate - two

be transmitted every 54 seconds, costs from £10,000 and the Post equivalent to 4.8 thousand bits Office has already ordered 50 The system should find The Post Office will be the chief applications in the security area marketing outlet for the where an intruder would system. Gresham Lion will give information on 01-894

Aluminium fencing... posts, with all tensioning fittings located internally. The fencing is finished in either anodised claimed to be suitable for all

applications where appearance, cost effectiveness and minimum maintenance are important requirements has been introduced by Aluminium Fencing Systems, Staverton Airport, Cheltenham GL51 6SX (0452 713950).

mediate posts and straining security.

building and maintenance has been introduced by Norton Norton claims. The stagings has been tested to exceed the weigh 5 lb per linear foot.

Norton

**Trated load nave been tested to exceed the minimum needs for pull resistance in the staging of the stagin

colours or powder coatings.

When fitted with aluminium chain link and horizontal or barbed wires the system is claimed to provide a lightweight don. Cambridgeshire, has come alternative to ferrous materials up with a simple but effective and with the addition of anti-idea in freight handling.

... and work platforms

Grove Industrial Estate, Malton YO17 9HQ (0653 3921).

serrated non-slip surfaces on both sides, with built-in drain-age slots, Guard rails and all can be replaced with hooks for multi-deck loads can be secured.

Tidd Strongbox is on 0480 Working loads of 600 lb evenly towers.

The range incorporates hollow intruder devices and automatic aluminium sections for intergates to give a high degree of

The 2 ft wide stagings can ance laid down for a be fixed in multiples to provide load restraint systems.

The stagings have deeply any required width of decking The track is adapterated non-slip surfaces on and are supplied in lengths accept various types outh sides, with built-in drain-

Using the ordinary public on a standard 625 line telesystems from Gresham Lion.

HANDLING

Keeps the place

The company makes glass reinforced plastic ply articu-lated van trailers; it realised that the straps which hold loads in such trailers are frequently

TIDD STRONGBOX of Hunting-

misused, lost or stolen. A RANGE of all-aluminium distributed (equivalent to stagings designed to provide safe working platforms for

ance laid down for air cargo The track is adaptable to

accept various types of load

TRANSPORT Wash-up for big vehicles

AN AUTOMATIC truck-wash capable of being operated with out any security staff and claimed to provide total electronic security has been supplied to Norco Transport, Birkenhead, by Centaur Electronics, 3 Chancer Street, Oldham, Lance, the truckment to

Norco uses the truck-wash to clean its own fleet of 19 tanker-trailers and 14 tractor units, but it also makes the equipment available to other haulage firms on a contract basis. Customers are issued with electronically coded keys—one key for each driver. Since the Centaur truck-wash is entirely automatic. contract customers' drivers can use it at any time of day or night.

Centaur claims that the bon-

net of any car entering the truck-wash would be flooded by the force of the water jets and that plugs and distributors would be rendered inoperative. The Centaur wash is therefore said to be suitable only for dieselengined vehicles.

UK design hoverbarge

tailed design of the hoverbarge drilling rig known as the Wet-lands Drill Barge System (WDBS) has been placed by the Phoenix Hovercraft Corporation, Houston, Texas, with the British firm of naval architects Burness Corlett and Partners, Basingstoke, Hants. The hoverbarge will be fabricated in the U.S., but British

B38 Instrument Filter-Regulators specially designed for the Process and Petrochemical Industries.

Norgren

MI NORGREN LTD IMI

skill and experience in hovercraft design and equipment will be widely drawn upon. The WDBS rig was reported at length on the Technical Page on June 19.

SERVICES **Prevention** of mildew

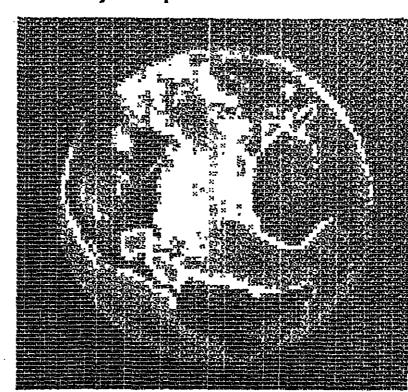
DAMAGE caused by mildew could be costing the British textile industry as much as £10m a year, it is estimated by Wira, the Leeds-based indus-trial research and technical centre. Losses exceeding £50,000 from single incidences of mildew attack are known to have occurred in the woollen industry alone.

To meet this problem Wira has introduced a mildew prevention service in which com-panies' premises are surveyed to assess the risks of mildew attack. Each survey is followed by regular monitoring, advice on disinfestation, selection and application of anti-mildew agents (biocides), and recommendation of procedures to prevent further mildew damage. All this work is carried out confidentially. The service is based at Wira

House, West Park Ring Road, Leeds (0532 741526) under the control of Mr. Brian McCarthy, Wira's senior microbiologist.

THEORY:

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Building and Civil Engineering

£8m airport contract in Malaysia

AN ASSOCIATED company of port operations being inter-the Taylor Woodrow group, rupted.

Rangers Football Club has pletion towards the end of 1981.

awarded a £3.2m contract to

The new stand, with a seat-Teamwork Malaysia Sdn Bhd, has been awarded an £8m contract to extend and upgrade two-storey passenger transfer the new North Stand at 1000x metres. The structure has a storm water overflow will be Navigation Canal near Runcorn weeks. At a storm water overflow will be Navigation Canal near Runcorn weeks. passenger facilities at Subang length on the runway side of third contract to be awarded crete seating decks with pro-International Airport at Kuala the existing airport building to Taylor Woodrow by Rangers tected metal and brick cladding and 295 metres in length. Con-Lumpur, Malaysia.

Work is for the Jabatan Kerja Raya (Public Works upgrade passenger handling Department) which is respons- facilities. ible for both design and supervision of the project. The con-building will also be fully tract is to be phased over a renovated. 30-month period to avoid air- Back in the UK, Glasgow

has been awarded in Hong Kong to Sang Lee Construction Com-

pany under a road construction and improvement programme

for a new town in the New

Territories Development De-partment of the Public Works

Department, includes the con-

struction of a bridge over the

British section of the Kowloon-

Canton railway and link roads

totalling about 1.5 kilometres in

The bridge will replace a

the planned road network for

the new town. The contract will

also cover improvements to be

made to the river Sutlej with 350 metres of box culvert and

metres of new river

Territories.

length.

Hong Kong road project

The contract, let by the New Houses and

level crossing and with the contract to build 71 houses and link roads, will form part of flats on the Kytes Estate, off

The road construction and will be of two, three and four

improvement programme forms bedrooms. The architects are

part of the Government's plans Yorke Rosenberg Mardell.

The first phase will include Taylor Woodrow Construction ing capacity of 10,400, will Following completion of these, extensive alterations will be carried out to expand and and West Stands.

The interior of the present architects and Thorburn and the Taylor Woodrow Group.

WITH A two-year completion

schedule, the Borough of Wat-

ford, Herts, has awarded John

Laing Construction a £1.37m

contract to build 71 houses and

The project comprises 11

house and 60 flats of traditional

construction. The flats will be

in three blocks, two L-shaped

and one U-Shaped, and all will be of two storeys. The houses

Dresdner Bank

This advertisement appears as a matter of record only

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Coates Way, Watford.

ing stand and is due for com- metres, will weigh 280 tons. Four jobs for Tilbury

and follows completion by supported on reinforced con-

The work, undertaken with erected by Octavius Atkinson

T. M. Miller and Partners as and Sons-also a member of

Partners as engineers, will The main girder, which will

include demolition of the exist- have a clear span of 108

Taylor Woodrow of the East crete piled foundations.

A CIVIL engineering contract to house 170,000 people in the worth over HKS49.5m (£4.3m) new town. The work which will has been awarded in Hong Kong Maunsell Consultants Asia. industrial road at Milton Regis,

> Under a £191,000 contract, a built by Tilbury for Proprietory tonia Model Village which is a

WORTH MORE than flm. four Unilever subsidiary-at contracts have been awarded to Ashford, Kent, premises. The Tilbury Construction. The Ford Motor Company has Tilbury Construction. The Ford Motor Company has largest, from Kent County ordered a £115,000 extension Council Highways and Transport Department, is for the including extensive blacktop second and third stages of an work and a new footbridge.

The new stand, with a seat-

The steelwork frame is to be

Tilbury is also to instal Sittingbourne, worth about sheet-steel piling on the bank of the River Avon at Christchurch, Hants, for Chef and reinforced concrete road and a Brewer to prevent erosion and drum-stacking area are to be possible flooding of its Tuck-Perfumes (International)—a tourist attraction.

£2.1m homes scheme

SPONSORED homes for 99 greenfield site Thatcham.

The project, due for complefamilies are being built near tion in 12 months, gives people Newbury, Berkshire, by the who previously could not afford Devizes-based contractor F. to buy their own homes an Construction company) under a opportunity to become pur-£2.1m programme undertaken chasers at below market prices, in partnership with Newbury Lovell claims. The two- and District Council. It involves three-bedroom houses, semithe construction of 99 timber- detached or in terraces of up frame dwellings on a seven- to four, will be sold to people at nominated by Newbury District Council.

£5.2m Sir A. McAlpine awards

group of companies have secured Duvivier and the contract is due 750 metres along a lagoon bank contracts worth more than for completion in 91 weeks.

Eastern Division.

and laying of the Bridlington wich, Cheshire. outfall sewer and has been won by McAipine Services and Pipelines (MSP) of Hooton in in 16 weeks.

Yorkshire Water Authority, worth £1.25m to construct an The work is scheduled for com-8 inch high pressure pipeline pletion in 16 weeks. It involves the construction between Runcorn and North-

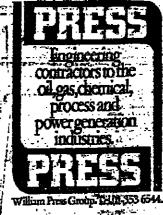
It will be 25 kilometres in

two-storey passenger transfer the new North Stand at Ibrox metres. The structure has a metres internal diameter. The pipelines across the Weaver work is to be completed in 40 dions and superstructure for a corridors totalling 2 and 61 in Standard Classical Classical

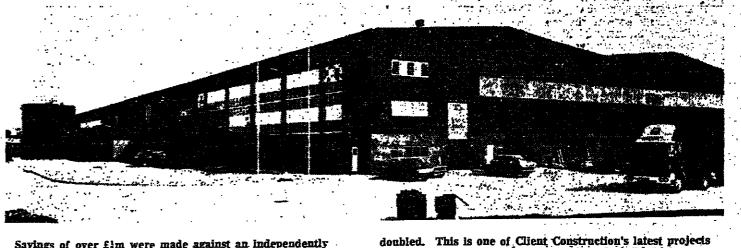
THE SIR Alfred McAlpine sulting engineers are Lewis and in diameter, will be continued from the southern side of the Among the other contracts, canal and about 200 metres Largest of the contracts, for the Mond division of ICI, through ICI's Castner Kellner valued at over £2m, is for the MSP has secured a contract factory from the northern side. for the Mond division of ICI, through ICI's Castner Keliner

Sir Alfred McAlpine & Son (Northern) will fit out the basement and ground floor of an exlength and is to be completed isting building to form new branch premises for the Stand-Also for ICI (Mond), MSP is and Chartered Bank in Leeds at construct reinforced concrete 1,700 metres long and 900 milli- to construct four high pressure a cost of about £370,000. The pooling tower basins, founda-

One of the pipes, eight inches McAlpine & Son (Southern) will tham haboratory in Oxfordshire.



At a cost of £250,000 Sir Alfred Atomic Energy Authority's Cul-



Savings of over £1m were made against an independently agreed budget of £3.1m for the design and construction and commissioning of this distribution centre for Crosby Doors at Swindon says the Client Construction Company. Because of these savings, offices and amenity areas were nearly

Warehouses at Preston

CONTRACTS VALUED at more provision for loading bays and than £2m have been awarded by office areas. Work starts this Central Lancashire Developautum and will take about 12 ment Corporation.

and 31,500 square feet respec- dential scheme, north tively will be provided, with Preston.

months to complete. The second contract, worth

The biggest, worth £2m is for £98,000 and awarded to Lovick warehouse units at Walton and Green, is for a village Summit Employment Centre centre meeting room. This will Preston and this has gone to form part of the development Wimpey. Two units of 111,600 corporation's Ingol Village resi-

Mixed bag of orders

COMPANIES in the London and Northern Group have been moor), John Crossland, Cleckawarded contracts worth more than £1m. They include a £318,443 contract for E. Fletcher (Builders) to construct 30 flats in Wolverhampton for the Royal British Legion Housing Association and another worth £166,862

In addition, Wilsons (Spennyheaton, and James Richmond, based in Lincolnshire, have been awarded contracts worth more than £460,000 for revitalisation work and industrial building in County Durham and Yorkshire and land drainage in the Fens. Border Engineering, White-

for G. W. Lazenby and Co. to haven, has begun work on a even Enka say erect 12 flats in Darlington for £224,201 contract to build addisoil pressures. Three Rivers Housing tional premises for West Cum-

Work for Miller Buckley altogether, two contracts have Telephone Exchange, London been awarded to Miller Buckley SE13. Construction by the Property Services Agency. One, valued at has been awarded a contract about £1.5m, is for an additional worth £494,000 by Durham building attached to Administration and Training Durham. It involves site pre-Building at the Post Office Tech-paration and construction of an

In the north, Miller Buckley

the Chemicals at nical College, Stone, Stafford- amenities building for the shire. The second contract, company's anhydrous chloride worth £698,000, is for alterations plant.

Homes and remedial work

A CONTRACT worth £1.6m for consulting engineers Ove Arup building 82 houses and flats and Partners. forming the first phase of a development at Lyham Road. Lambeth, has been awarded to Walter Lawrence and Son by the Greater London Council, is the London Borough of Lam- for remedial works at the Barbeth. The work is due for com-

Another contract, valued at more than £950,000, awarded to Walter Lawrence and Son by ley Mow Estate, Tower Hamlets. pletion in November 1981. The It involves the replacement of architects are Dry Hastwell all windows and roof coverings, Butlin and Partners and the and completion is due next May.

Awards to Fairweather

more than £750,000 have been building and road equipment awarded to H. Fairweather and store. It is valued at £449,000. awarded to H. Fairweather and Co., part of the Wood Hall Building Group.

One, for the London Borough Ordsall High School, Salford.

TWO CONTRACTS totalling of Southwark, is for a welfare The other, for the City of

Salford, is valued at £347,000

and is for a recreation centre at

Helps to settle the soil

based on its "management oriented package" which can

headquarters are at 12 Union Street, Stratford-upon-Avon,

Warwicks. The distribution centre will be opened next

be adapted to individual industrial projects. Its

A NOVEL form of drain which on the surface of the Colbond speeds the movement of water jacket. Eventually, these parfrom cohesive soils and so ticles form a cladding around makes possible their use in the drain pipe forming a foundation work has been natural soil filter, and at this developed by the Dutch.

Cohesive soils have a high and engineers.

The soil can be removed by excavation but drainage is also effective and the Dutch research institute Enka AG claims to have developed a cheap and successful vertical drainage

even Enka says, under extreme are most appropriate."

in consolidation of the soil-

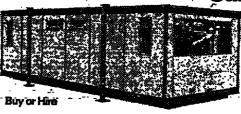
point the whole becomes stable. water content which means they Enka is at Enka-Haus Kasizo-

settle slowly, setting up serious strasse D-5600 Wuppertal 1, The stability problems for architects. Netherlands and on (0202) 32 · 24 · 82, - · ·

IN BRIEF

• Wiltshier has formed a new stem. company, Wiltshier (Manage-Heart of the Enka drain is a ment). Its purpose is to "conporous core surrounded by a solidate and extend its growing lacket made of Colbond CX fee and management contract-1000, which Enka describe as a ing activities and to bring sturdy but flexible composite together the total resources of polyester material." This jacket the Group to provide a comprecombines high permeability with hensive construction service, high filter efficiency — the particularly where non-tradi-porous core drains off the water tional contracting arrangements

9 J. A. Elliott has acquired the The Enka drain is designed to balance of the shares of Land drain off water, but also to help Development, a property investment and development company. the smallest soil particles pass. Initially it will concentrate on through all the filters and are commercial development and redrained_away with the water, furbishment schemes in the The larger particles are caught London area.



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competitively Wernick's compare with others! Write, Phone or Telex your nearest Wernick office for immediate literature and service.

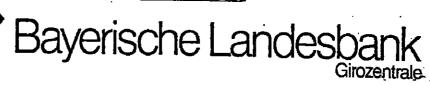


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Lazard Brothers & Co.,

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The frustrated Santa Claus

Frank Lipsius talks to a man whose commitment to East-West trade goes beyond commercial self-interest

pany's net income of \$124m.

1968, he has built that market

to \$30m annual sales. This is

partner to the Soviet Union,

ROBERT D. SCHMIDT bears the credit for providing northern England with 39m Soviet greeting cards last year. Though lumbered with the crois of villain in the ensuing "dump-ing" scandal Schmidt actually. a variety of fields, from earthended up a victim himself. quake-prediction research and

The Soviet agency that had made the cards in order to buy a large computer from Control Data, Schmidt's company, even-tually reacted to the British outery by substantially reducing the computer order. But for Schmidt the biggest Schmidt says the agreement

disadvantage of the deal was the way it helped poison the atmosphere of East West trade, that delicate and intricate business which was dealt the biggest blow when President Carter initiated his trade embargo with the Soviet Union in January.

"People end up thinking all the Russians have to trade with us is things like cheap Christmas cards," said Schmidt, during an interview in Austria where he has been brushing up his German while writing his contribution to the corporate urface of the College Eventually, these in pipe forming soil filter, and any history of Control Data.

As vice chairman of the American computer manufacturer, he knows a lot about what

the Soviet Union has to offer in a half million objects in the trade with the West. He spent Hermitage storerooms.

a year and a half negotiating Control Data specia what became a 10-year agree-

Control Data specialises in large computers, the most sophisticated of which, the ment with the Soviet Union to the cannot resist international cal information. In return for giving the Soviet Union linear lin giving the Soviet Union licences second and costs between \$7.9m Pinzgauer cattle into America. to manufacture discs and disc and \$16.5m. The Soviet Union Since he joined Control Data in trade on the other." A man who storage drives for computers, has seven Control Data installa- 1962 he has fielded a number of Control Data has secured a tions, four of them used by the wealth of scientific know-how in Ministry of Geology in seismic exploration for oil, and one each in the Soviet weather bureau, muclear energy software, to the Acader medical programmes for the Institut athletes, as well as a patent for Research. the Academy of Sciences and for the Institute for Joint Nuclear coating metals with titanium

The computers are sold with nitrate in a unique and valuable contracts that restrict their contracts that restrict their bility for the company's trade Fulbright, the former senator application and entail periodic with the Socialist countries in and J. K. Galbraith. metal-hardening process. Nego-tiated with the Soviet Depart-ment of Science and Technology. inspection by Control Data experts. Bob Schmidt, himself a mathematician and engineer which has another three years to run, "has been of equal value to both sides. It has been worth-Among Control Data deals at while for us." He hopes it will the least postponed by the present trade embargo are further purchases by the Soviet sale of spare parts without Data computers. which some Soviet computers One deal which the embargo scotched would have provided Leningrad's famous Hermitage could become inoperable over the course of the next year. Museum with a computer, in

Schmidt, who has been involved with computers since his military service in the Korean war, hardly fits the ing Minneapolis, Control Data's image of top Control Data headquarters. The computer troubleshooter, a corporation would have intiated an inter- which made \$31bn in sales last national cataloguing effort year and which ranks 159 in beginning with the three and the Fortune 500.

At 55 he looks much more untapped trade partner among ceramic base for integrated cirlike the gentleman farmer all industrialised nations.

(American style) that he is, From a broader point of view, though even in this sphere he he echoes the old adage that trade is "peace by another trade, having pioneered the name. The two poles in interimportation of Austrian-bred national relations," he says, "are war on the one side and special assignments. He built held in the bowels of the the Cybernet data retrieval Kremlin and presided over by system into a major component Leonid Brezhnev, Schmidt also of CDC's worldwide service promotes international contacts business which in 1979 contrias president of the American buted 39 per cent of the com-Committee on East-West Accord, any's net income of \$124m. a blue-ribbon group that in-Since taking over responsi- cludes as members J. William

Punish

only 1 per cent of Control Data's by training, say these controls annual income, Schmidt is Schmidt fears that a misper-are too hard to circumvent, quick to point out, and the ception of Soviet achievements and capabilities lulls the United Soviet Union, which is the only country affected by the present States into thinking it can embargo, accounts for less than punish the Soviet Union by 40 per cent of the total. But denying it technology. There is Academy of Sciences and the to Schmidt there is more in a widely held assumption that weather bureau, as well as the volved than the sale of Control the Soviet Union is as much as eight years behind the United To start with, he suggests the States in computer technology, United States is becoming an but he thinks two years is a increasingly unreliable trade more likely figure.

When the United States prewhich already does 10 times vented Control Data from bidmore business with West Ger- ding on a Soviet contract for many than with America. Given the construction of a factory to American business with Moscow boards, a French company supcould increase by a factor of plied the plant and technology. of its own competitive advan-10. if not 20, and that the Schmidt himself inspected a USSR represents the greatest Soviet factory making the the consequences of inter-

cuitry, which he suggests American intelligence may not know even exists; if it did, Schmidt claims, "Control Data would not face so many restrictions on its proposed sales to

the Soviet Union."

technology."

A would-be international has been present at dinners trader like Schmidt stands at a competitive disadvantage against many European countries because of the strict interpretation the United States puts on the Cocom regulations that govern the Western allies' dealings with the Socialist bloc in technologically sensitive areas. Some countries." Schmidt says of those allies more willing to trade with the Soviet Union, have laws that prohibit any interference in trade in new

In addition, American laws impose a ceiling on the amount of money that can be lent to underwrite deals with the Soviet Union, and also prevent the American banks from matching the interest rates that else-where are subsidised by government to stimulate Schmidt believes the best safeguards a country could have would be to rely on the criteria used by individual companies to protect their own technogood relations, Schmidt reckons build printed computer circuit logical advances. Since no company would jeopardise the loss

tage, a country need not fear

BY RAY DAFTER



Robert Schmidt: " Trade is peace by another name "

national trade. Schmidt argues. After years of frustrated has found that the United States government does not have people competent to make decisions on what is sensitive and should therefore be prevented from being exported. An export licence to ship a computer to the Soviet Union could take a year of delibera-

to judge the matter. They send

Department of

Defence, which doesn't have supplied from elsewhere.

while they hope it goes away. If it doesn't go away, they're Schmidt fears a similar conclusion applies to relations

whole, not just one Control

the personnel for that either.

Data computer waiting to be The company calculates that tion. At the Department of between 1967 and 1977 U.S. con-Commerce, "they have no one trols lost it \$247m in potential deals with the USSR; it says every one of those deals was

SIR DENIS ROOKE, the toughtalking and effective chairman of British Gas Corporation, finds it hard to disguise his antipathy towards journalists members of these two groups shows.
fail to understand fully the The b workings and achievements of the gas industry.

No doubt, therefore, he will been written by an executive tual account of the way in which gas production and distribution has grown to the stage where the fuel now accounts for almost 20 per cent of world primary energy consumption.

has been director of planning and finance for Shell Interand politicians. In his eyes, most national Gas. The pedigree The book successfully traces the evolution of gas from the

members of the Royal Dutch/

Shell Group's natural gas co-

ordination group and since 1977

survive the embargo intact.

return for a visit of Hermitage

treasures to museums in half a

dozen American cities, includ-

Treasures

early experiments in Britain, France, Belgium and Germany be relieved that a book about in the 17th century, the begin-the history of gas supplies has nings of an industry based on nings of an industry based on coal-based "town gas" in the within the industry. Evolution early 19th century, through to of the Gas Industry, by Malcolm the present where Algeria is W. H. Peebles (Macmillan setting a new (high) pricing Press, £12) is a lucid and factured for internationally-traded natural gas.

The author also provides a peek into the future. The main markets for natural gas—the U.S., Western Europe and Japan -are already experiencing or

BOOK REVIEWS

Keeping the home fires burning

less than 50bn cubic metres to over 150bn cubic metres by the turn of the century.

Rather than range aimlessly over the world gas scene Peebles has concentrated his analysis on five major producing/consuming countries—the gas." UK, the U.S., Japan, the Netherlands and the Soviet Union. The 36 pages set aside for Soviet gas is reason enough to buy the book, bearing in mind the

international liquefied natural gas industry. By 1867, we learn, tury and an Englishman (among achievement, commendable in gas trade was experted to grow some 6,000 street lights in others) discovered a process to business terms, is nevertheless from this year's level of rather Moscow were lit by gas. More produce a combustible gas from a source of embarrassment with significantly, at least in terms of modern day supplies, we also find that "it must surely be only a matter of time before developing processes to make the Soviet Union becomes the gas from oil feedstocks. world's largest producer, consumer and exporter of natural

Sir Denis Rooke will be pleased that full recognition is given to the position of the UK in the evolution of the gas in-dustry. As Malcolm Peebles Malcolm Peebles has been in expecting supply shortages, he difficulty of obtaining factual points out, the first commercial the gas business since 1954. In says. And yet there are abun- and readable accounts of this use of gas was in the UK in 1964 he was one of the founder dant known resources. The important sector of the world the early part of the 19th cen-

coal over 100 years earlier. In the late 1950s the UK, along with Japan, led the world in

At about the same time the UK pioneered the transportation of natural gas in liquefied form by ocean tanker. In 1964 the UK became the first country in the world to import liquefied gas (with Sir Denis personally involved in the project). Finally, British Gas is recogniesd as the largest gas entity in the Western world when measured in terms of the number of customers (14.5m) it services and supplies.

(British Gas is also a state A useful reference on how Some 18 months later, in the of book written by Charles corporation which made a the conversion operation was summer of 1971, the "call Elliott. It is a pity that it is record pre-tax profit of £426m planned and carried out is pro-back" rate had fallen to just presented by the publishers in in the last financial year and is vided over £1bn by the mid-1980s. This Natural Gas Conversion in public's

some politicians. The Corporation has also embarked on a Government-directed policy of raising domestic gas prices by at least 10 per cent annually in real terms - a rich source of copy for journalists.)

Malcolm Peebles properly pays tribute to one of the UK gas industry's most outstanding achievements in recent yearsthe conversion of 13.5m premises and 35m appliances When the operation was finally completed in September 1977

ear and is vided by another recent over 12 per cent. The press such a dull fashion with only profits of publication: The History of latched on to some of the four pages of uninteresting

book written (and in some ways. published) from the inside of the gas industry. Charles Elliott was chief press officer for the Gas Council at the time of the conversion programme. The book is published in association with British Gas Corporation

whose former member for

marketing, James Buckley, is a

As one would thus expect. Charles Elliott lays out the case history in a sympathetic fashion. This does not mean he ignores the problems and criticisms which accompanied the 10-year

director of CIRS.

In the early days when " techniques and organisations were from town gas to natural gas, still being tested," the national average for "call-back" rates reached a high peak of just over the total bill came to £1,027m— 25 per cent of appliances. That £577m for the conversion and meant that gas fitters had to £450m for the write-off of obso- return and work again on one converted appliance in four.

complaints

Great Britain, by Charles wretched journalists again); Elliott (Cambridge Information Charles Elliott singles out the and Research Services, Royston, London Evening Standard for having carried out the most sustained attack on the gas industry.

> Generally, however, it was found that "the good relations (that) had been established beforehand with the local press helped to ensure that such complaints (about call-backs) as reached them were dealt with fairly. Very often newspaper offices acted as a sort of unofficial clearing house."

> All in all the book provides worthwhile insight into the problems of mounting a massive country-wide operation involving a large proportion of the population. One Board — the North Eastern authority - employed a team of interpreters and produced leaflets in Urdu, Bengali, Punjabi, and Gujerati so that its local community could understand what "gas

The conversion programme is a justifiable subject for the type

conversion " was all about.

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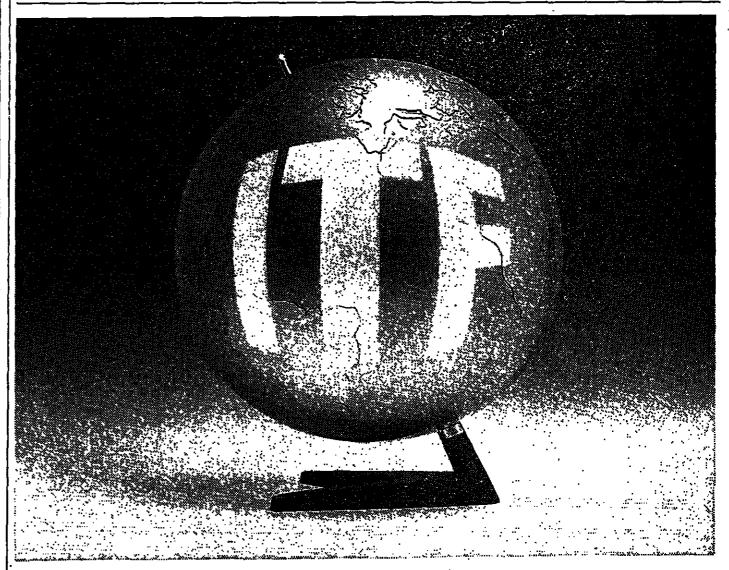
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BY ANATOLE KALETSKY

ENUNIONS AND industrialists what is regarded as excessive. facing plant closures sometimes and Government-determined, point out that the cost of putting energy costs. The mill's prea man on the dole and the loss tax losses were estimated as a! of his taxes and insurance conno tributions to the exchequer can exceed the subsidies which £5m or any other operating subso would have been required to sidy than to point out that keep his job in existence. When money would be available si the employer is a nationalised under the regional aid prot'industry and the Government callimately foots the bill for reandundancy payments the balance an of short-term advantage can be not even consider providing an strtipped in favour of subsidy operating subsidy for Bowater, restrather than closure in the case and why most trained econo-2. of even the most egregious loss mists will by now throw this of makers, such as the British article into the dustbin in irri-2's. Steel Corporation.

Lost taxes

Sack of the envelope calculations suggest it will take be-tween four and five years for the Government to recoup the vs cost of making 52,000 steelwor-55 kers redundant, which is estima-ni ded by BSC at £484m, since the or annual saving of roughly £250m 212 in BSC's wage bill will be re-nic duced by something like £100m ...in unemployment pay and en; £50m in lost taxes and insurance 3. contributions. Nevertheless it would be hard to argue that the 57 £464m could have been better am in the steel industry given the spent on supporting employment world's steel markets.

But in the case of other recent closures, where there has been a smaller gap between Le collapse and survival, a Government decision to subsidise, sa; rather than pay unemployment sin benefits, might have saved as public money, as well as reye ducing unemployment. Consider credible to suggest that new the recent closure of Bowater's Ellesmere Port newsprint mill, ed for example. The 1,600 jobs bin lost there will add about £3m os a year to the Government's un-The employment bill. (The 336, that an unemployed worker, on

average, costs £1,800 on top of ve any supplementary benefits he may be able to claim for his son family.) In addition, the Treasury will lose something ism like £2m a year in taxes and national insurance contribu-

tions. Would a £5m a year operaits mill open? The company was asking Sir Keith Joseph for £7.5m to compensate for

BBC 1

+ Indicates programme in

(Ultra high frequency only).

6.40-7.55 am Open University

10.35 Cricket: Cornhill Insurance

Centenary Test—England v Australia. 1.30 pm Heads and Tails. 1.45 News. 2.05 Cricket:

The Centenary Test. 4.13

Regional News for England (except London). 4.15 Play School. 4.40 Lassie. 5.00 John

Craven's Newsround. 5.05 Go

5.55 Nationwide (London and

South-East only).

With Noakes.

"at least £6m." But Sir Keith got no nearer offering Bowater grame if the company was interested in new investment. The reason why Sir Keith did

tation, is that the sort of crude comparison between the costs of dole money and the cost of subsidies which I have presented is udicrously simple-minded. Most importantly, it leaves out of account the possibility that the worker made redundant will find another job in which he can produce goods profitably, without the need for job-preserving ระหราdies.

The simple neo-classical model on which this idea depends ...assumes ...that ...a country's output is constrained by its supply of labour. Job losses in declining industries are not only necessary, but should actually be sufficient to ensure that new industries grow up to absorb any surplus labour. Competition labour and capital markets perform this remarkable transformation.

Crowded out

In reality, however, with unemployment at two million and rising rapidly, it is scarcely industries are in danger of being crowded out of the labour market if the decline of traditional industries is slowed down or arrested. Sooner or later, the Thatcher Government may recognise, as did the govern-ments of the 1930s, that it is impossible to understand what is happening in a deep recession on the basis of full-employment economics. This should not mean that every collapsing firm must be propped up by Government if this is cheaper than paying its workers unemployment benefits. But it will ting subsidy have been sufficient mean recognising many a to persuade Bowater to keep closure—even of a firm that is somewhat unprofitable -- is a loss, not a gain, to the British economy.

6.55 Angels.

7.20 Star Trek.

11.15 The Editors.

8.10 Panorama: "What About

9.25 Monday Film: "An

11.50 Weather/Regional News.

BBC Cymru/Wales — 1.30-1.45 pm Tredwt. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 11.50

News and Weather for Wales.

Scotland — 1.25-1.30 pm The Scotlish News. 5.55-6.20 Report-ing Scotland. 11.50 News and

Weather for Scotland. Northern Ireland—4.13-4.15 pm

Northern Ireland News. 5.55 Scene Around Six. 6.20-6.55 Land

'n' Larder. 11.50 News and Weather for Northern Ireland.

All Regions as BBC 1 except as

Investigation Of Murder,"

starring Walter Matthau.

the Workers?"

The matrimonial home put at risk

judgment creditors have a fresh weapon in their armoury.

Pyrrhic victory. One way in which the courts enable judgment creditors to obtain some benefit from judgment in their. favour is by means of a charging order.

The effect of a charging order is to create a charge on the judgment debtor's land. Whoever buys that land, buys it subject to that charge. Anyone who subsequently lends money on the security of that land, takes his or her place in the queue after the judgment did not have any direct pro-creditor with the charging prietary interest in the land, but order.

The ultimate sanction which gives full effect to the charging order is an order by a court for sale of the land subject to the charging order. A house-owner who fails to pay his debts may eventually lose his home.

This is not a recent remedy. In 1838, section 13 of the persons became beneficiaries charge for securing the payment Judgments Act enacted in under trusts for sale without of any moneys due or to become language which does little to being aware of this fact or its remove from the law and implications.

is a period of recession. At such to be hereafter entered up Court of Appeal decided in "it is to our minds incredible a time debt collection is more against any person in any of Irani Finance Ltd. v. Singh and that Parliament should have likely to wax than wane. So long Her Majesty's Superior Courts Others that the law remained as made so considerable a change as Mr. Justice Russell's at Westminster shall operate as it was in 1865; and judgment in the law in so obscure a last month in a charge upon all lands, creditors could not obtain fashion . . If it had been the National Westminster Rank Ltd. tenements, advowsons, tithes, charging orders against judg-intention of Parliament in 1956 v Stockton remains the law, rents and hereditaments (in ment debtors whose interest in to subject interests or some cluding land and hereditaments their homes qualified as a bene- interests arising under trusts

some litigants, a favourable son shall at the time of entering for sale.

judgment is sometimes a up such judgment, or at any A home time afterwards, be seised, posor interest whatever, at law or in equity, whether in possession, reversion, remainder, or expectancy."

> One of the limitations of the charging order created by the Judgments Act 1838 was revealed as long ago as 1865 when Vice-Chancellor Kindersley decided in Thomas v. Cross that the order could not be obtained against a judgment debtor who had a beneficial interest in the proceeds of sale of land subject to a trust for sale.

Beneficiaries

One of the consequences of the far-reaching property legis-lation of 1925 was that many as be specified in the order a

of copyhold or customary ficial interest in the proceeds of for sale of land to charges for tenure) of or to which such per- sale of land subject to a trust judgment debts, it would surely

A home-owner may have such

and wife or otherwise creates a

1970 provides that "the High

Court or any county court may,

for the purpose of enforcing a judgment or order of those

courts respectively for the pay-

order impose on any such land

due under the judgment or

ment of money to a person, by

The 'legislation in force in

trust for sale.

have doné so in clear terms."

interest held by the debtor beneficially . . . (ii) under any

In August 1978 the National

Westminster Bank Ltd. had obtained judgment against Mr.

Stockton for £11,604, but had

received no payments from Mr.

Stockton or anyone else in satis-

THEATRES

sider and apply.

Last year, the Charging an interest more easily than one Orders Act was passed. Section time afterwards, he seised, pos- an interest more easily than one Orders Act was passed. Section Vacation gave angular and one of sessed, or entitled for any estate might suppose, because any 2 of that Act provided that "a court in the bank's favour. the co-owners of a house will be

THE WEEK IN THE COURTS

BY JUSTINIAN

form of co-ownership of land charge may be imposed by a

whether as between husband charging order only on: (a) any

wife had beneficial interests them by incurring a separate under a trust for sale in it. I heavy debt can impose a serious

He decided, on a short point say, 10 per cent. matrimonial home, held under a factors will guide a rourt in trust for sale. He decided that deciding whether to order the the phrase "under any trust" sale of the house?

In section 2 of the 1979 Act in Of course, Mr. Justice Russell's These were provisions which Mr. Justice Russell had to con-

faction of that judgment. Mr. Stockton and his wife had a

FARES ARE on the increase. lawyers a reputation for pomp As recently as 1970, despite Food and other prices may rise. and unintelligibility that "a such legislation as the Administration of Justice Act 1956, the lowed a ruling of 1965 was that I standard of recession. At such to be hereafter entered up a such legislation as the Administration of Justice Act 1956, the lowed a ruling of 1965 was that I standard of recession. At such to be hereafter entered up a such legislation as the Administration of Justice Act 1956, the lowed a ruling of 1965 was that I standard of recession. At such to be hereafter entered up a such legislation as the Administration of Justice Act 1956, the lowed a ruling of 1965 was that I standard of recession. At such to be hereafter entered up a such legislation as the Administration of Justice Act 1956, the lowed a ruling of 1965 was that I standard of recession. At such to be hereafter entered up a such legislation as the Administration of Justice Act 1956, the lowed a ruling of 1965 was that I standard of recession. At such to be hereafter entered up a such legislation as the Administration of Justice Russell had to decide always been regarded as whether the bank was entitled immune for this lowed a ruling of 1965 was that I standard of the reasons why in Justice Russell had to decide always been regarded as the property of Appeal followed a ruling of 1965 was that I standard of the reasons why in Justice Russell had to decide always been regarded as the property of Appeal followed a ruling of 1965 was that to a charging order on Mr. Where as happens of requestion is a charging order on the bank was entitled immune for this library. Where as happens of the court of Appeal followed a ruling of 1965 was that to a charging order on Mr. Where as happens of the reasons why in Justice Russell had to decide always been regarded as the property of the Court of Appeal followed a ruling of 1965 was that to a charging order on Mr. Where as happens are recently as the property of the court of App The bank had applied for a liability on an asset, perhaps the

charging order to Master main asset owned by both, in Ritchie in the Queen's Bench which the other has an interest Division of the High Court. This One result may be that some application was refused. The matried couples will define from bank appealed, and Mr. Justice the very buiset the precise share Russell, sitting during the Long which each has in the Vacation gave judgment in open matrimonial home. A charging Far-reaching worth little if the share of that co-owner in the house is small,

He decided, on a short point.

of interpretation, that section 2: Suppose that the judgment of the Charging Orders Act creditor deels obliged to apply 1979 entitled the bank as judge for an order for the sale of a ment creditor to a charging thouse in joint ownership so as order on the interest of the tro give effect to the charging judgment debtor Mr. Stockton order on the headership interest in the land at Basingstoke, his of one of the co-ewpers. What

in section 2 of the 1979 Act may be fested at some interpretation, section 2 of the interpretation, section 2 of the interpretation, section 2 of the fulfile date in the Court of 1979 Act filled the gap which, according to the Court of Appeal some other case, and the Court in 1970, section 35 bit the of Appeal may put a different Administration Act 1956 had interpretation on the 1979 Act, left open.

This decision has far reaching ment creditors have little cause consequences. It imposes a for carping at the law's inserious burden on homes or adequacies when a judgment buildings which since the creat such as Mr. Justice Russell's is Stockton and his wife had a buildings which since the crea- such as Mr. Justice Rossell's is house in Basingstoke, and Mr. tion of this remedy in 1838 had given furthly vacation.

Mercer may still carry the field

over the past couple of months, tions, I do not share the view the occasional race follower could be forgiven for thinking Doncaster's seven furlong San that the fortunes of the cham- Scio Stakes was a disappointpion. Joe Mercer, have slumped ing one.

to an all-time low.
In fact, Mercer remains on target to better all but last

RACING BY DOMINIC WIGAN

season's personal best of 164, without anything like the backing that Henry Cecil had antici- Wish. pated from his Warren Place On pated from his Warren Place On his only appearance to team at the start of the date, Henry's Wish showed campaign.

This afternoon at Nottingham. where Mercer stretched an un- in a six-furlong maiden at Yarassailable title lead over Carson on the corresponding day a year ago, the champion can show that he has lost none of his flair on Baas and Henry's Wish.

Although the Jeremy Hindley winners on the Midlands track. that his effort last time out in

Mr. Jim Joel, for whom Light Cavalry's half-siter. Fairy Footsteps, appears to be by far and away the country's best Oaks prospect at this early stage, and for whom The Thatcher may still reach the top, has another useful first season performer in Henry's

good speed for half a mile. until lack of peak fitness told mouth on August 6. Another jockey enjoying a fine campaign, and, riding better than ever, is John Read. He, too, should be among the

ANGLIA

ATV 9.35 am Call It Macaroni. 10.00 The Wild, Wild World of Animals. 10.20

Wild, Wild World of Animals. 10.20 Seame Street. 11.20 The Paper Lads. 11.45 Larry the Lamb in Toytown. 1.20 pm ATV News. 2.00 About Britain. 5.15 Mr. and Mrs. 6.00 ATV Today 11.45 ATV News. 11.50 Something

BORDER

9.35 am The Adventure World of Sir Edmund Hillary. 10,00 Showjumping with Harvey Smith. 10,30 How The West Was Won. 1.20 pm Border News. 2.00 About Britain. 5.15 George Hamilton IV. 6.00 Lookeround Monday. 8.15 Mr. and Mrs. 6.45 The Sound of . Pat O'Hars. 11.50 Berney Miller. 12.15 am Bprder News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where, and Weather. 2.00 About Britain. 5.15 University Chal-

Jonathan Miller's London. 10.28 Channel Late News. 11.50 News and

GRAMPIAN

9.25 am First Thing 9.35 The Beach-combers. 10.00 Showjumping with Harvey Smith. 10.25 How The West Was Won. 1.20 pm North News. 2.00 About Britain. 5.15 University Chal-lenge. 6.00 North News. 6.10 Balley's Bird. 6.30 Devine Country. 11.50 Reflections. 71.50 Barney Miller. 12.15 am North Heedlines.

Weather in French.

a lesser extent. Eddery, have juvenile, Baas, has not quite I hope to see his mount. Tune been catching racing headlines lived up to early season expecta- Up. a close third of 19 behind Tarvie at Windsor on her last appearance, finally get her head in front in the Sterope Handicap, and Lorentino to complete the Reid double 90 minutes later.

Further south, the progressive Julesian looks to be the best of Eddery's Windsor mounts.

ADELPHI. CC. 0: 536 7511. Evgs. at 7.30 5at. 4.00 and 7.45. Mats. Thurs. at 3.00 TONY ERITTON. LIZ ROBERTSON PETER BAYLISS & ANNA NEAGLE IN THE WCRID'S GREATEST MUSICAL MY FAIR LADY. Grup bookings ring 01-836 7355 or 01-329 6061. NOTTINGHAM ALBERY, S. From 9 am 01-836 3878. CC 379 0565. Group 5rss, 836 3882 or 379 6561. A. com. Ers 7.45. Max. Thurs & Sal. 4. OLIVER: CHILD MAIF-PRICE. RECORD BUN ENCS 20 SEPTEMBER. 2.30-Baas 3.00-Tune UP** 3.30—Henry's Wish* 4.00—Irish Poet ALBERY. From 26 Sept. Eves. 8. Thurs. ma; 4:30. Sat. 5:6-8.15. Step. Phillips. Denis Lawsea. Half Moon preduction. PAL JOET. Composer Richard Redgers. Lyrics Loren: Hart. Drector Robert Walker. Chareography Stuart Hopps. 4.30-Lorentino WINDSOR ALDWYCH, S. 836 6404, CC 379 6233 (10-6. Sats, 10-7), into 836 832, Fully arrond/coned ROYAL SHAKESPEARE COMPANY. Tont. Tomor, 7.30, From 5.30, Sat. 2.00 and 7.30. From Stratford-upon-Avan OTHELLO In respectively the strategy of the sate of the s 3.00—Elkie 3.30—Footshore 4.00—Saba Neid 4.30—Sir Eamon 5.00—Julesian***

General Service except: 12.00 12.10 pm Trehetiau. 2.00-2.30 Hamdden. 4.45-5.15 Ser. 6.00 Y Dydd. 5.25-7.00 Report Wales.

5.30—Restful

and Road and Weather. 2.00 About Britain. 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.40 Crimedask. 11.50

SCOTTISH

9.30 am Friends of Man. 10.00 Show-jumping with Harvey Smith. 10.25 How The West Was Won. 1.20 pm News

Late Call. 11.55 George Hamilton IV. SOUTHERN

9.30 am Cell it Macaroni. 9.55
Unterned World. 10.20 Le Village, un Village. 10.50 Little House on the Prairie. 1.20 pm Southern News. 2.00 About Britain. 5.15 Survival. 5.00 Day By Day. 11.50 Superstar Profile. TYNE TEES

9.20 am The Good Word, tollowed by North-East Neivs. 9.30 The Master Builders. 9.55 The New Ed Allen Show. 10.20 The White Stone. 10.45 Space 1999. 11.40 Adventure Canada. 1.20 1999. 31.40 Adventure Canada. 1.20 pm North-East News and Lockeround. 2.00 About Britain. 5.15 The Adventures of Black Beauty. 6.00 North-East News. 6.02 Double Top. 6.25 Norther Life. 10.30 North-East News. 11.50 The Guinea Pig Club. 12.46 am Relationships.

ULSTER
9.40 am Spiderman. 10.00 Showjumping with Harvey Smith. 10.25 The
Lost Islands. 10.55 Sesame Street.
11.55 Cartoon Time. 1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Mr.
and Mrs. 6.00 Good Evening Ulster.
10.29 Ulater Weather. 11.50 Bedtime.

WESTWARD 9.30 am Survival. 10.00 Show Jumping with Harvey Smith. 110.25 Feature Film: Blue Murder At St. Trinian's." starring Terry-Thomas and George Cole. 11.45 Certoon Time. 12.27 pm Gus. Honeybun's Birthdays. 1.20 Westward News Headlines. 2.00 About Britain. 5.15 University Challenge. 6.00 Westward Diary. 10.31 Westward Late News. 11.56 Faith For Life. 11.55 West Country Weather and Shipping Forecast.

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5.00 am As Radio 2. 7.00 Dave Lee Travis 9.32 Simon Bates. 10.32 Andv Peeblas. 12.30 pm Newsbest. 12.45 Paul Burnett 2.32 Simon Bates. 3.32 Simon Bates. Simon Bate---Peter Powell. 6.31 Stayin' Alive. 7.31 Mika Read. 10.02-12-00 John Pael (S). RADIO 2

S.00 am News Summery. 5.03 Steve Jones (S). 7.32 Ray Moone (S). 10.03 Jimmy Young (S). 12.03 pm David Hemilton (S). 2.03 Ed Stewert's Request Show (S). 4.03 Much More Music with Jean Challis (S). 6.03 John Data (S). 8.02 Falk on 2 (S). 9.02 Humphrey Lyttletin with the Best of Jazz on record (S). 9.55 Sports Desk. 10.02 Free Spin. 10.30 Ster Sound. 11.02 Sports Desk. 11.03 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3 RADIO 3

e.55 am weather. 7.00 News. 7.05
Overture (S). 8.00 News. 8.05
Morning Concert (S). 8.55 Clare's
Country Cheracters. 9.00 News. 8.05
This Week's Compaser (S). 10.00
Bach and Schubert pleno recital (S).
10.55 Test—England v Australia,
including 1.35 pm News, 1.40 Your

Letters Answered and 2.00 funchtime Letters Answered and 2.00 Lunchtims Scoreboard. 6.40 Much Ado About Nothing. 7.00 Examples of a Single Thing. 7.30 Proms concert, part 1: Stockhausen (S). 7.50 The Story Teller (short story by Saki). 8.10 Proms, part 2: Beethoven (S). 8,50 The Festival Scene (Bernard Levin reports from Edinburgh). 9.10 Proms, part 3: Dvorak (S). 10.00 D'Arty's Farewell to Arcady (S). 10.30 George Adams/On Pullen Ougster (S). 11.00 Nour to Arcedy (5), IN-SU George Adams,
Don Pullen Querter (5), 11.00 News.
11.05-11.15 Barber (5),
VHF—With Medium Wave shove
except as follows: 6.0-10.00 Open
linearing 17.00 Edinburgh Inter-

University. 11.00 Edinburgh International Fastival Concert, part 1 (S). national Fastival concert, part 1 (S).
11.45 Fastival Comment. 12.00 Fastival, part 2 (S). 1.00 pm News. 7.05
Veauvius Ensemble (S). 2.00 Matinee Musicale (S). 3.00 Delma String Quartet (S). 4.05 New Records (S).
4.55 News. 5.00 Mainly For Pleasure (S). 5.20-7.00 Open University. RADIO 4

RADIO 4
6.00 cm News Briefing, 6.10 Ferming Week, 6.25 Shipping Forecast, 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day, 8.35 The Week on 4, 8.45 The Call of the Wild by Jeck Lordon, 9.00 News, 9.05 Start the Week with Melvyn Bragg from Carlisle, 10.00 News, 10.02 From Our Own Correspondent, 10.30 Daily Service (S).

10.45 Story Time. 11.00 News. 11.05 Peace Comes Dropping Slow (The story of the Peace People of Northern Ireland). 11.50 Weigh-in. 12.00 News. 12.02 pm You and Yours. 12.27 Brain 17-18 Meigh-in. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Brains 1980 (\$). 12.55 Weather: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecest. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatrs. 4.45 Short Story 5.00 News. Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather programme news. 6.00 News. 6.30 Rumpole (5). 7.00 News. 7.05 The Archere. 7.20 Science Now. 7.45 The Monday Play (5). 8.00 Charles Monday Play (S). 9.00 Open Channel. 9.30 Kaleidoscone. 9.59 Waather. 10.00 The World Tonight. 10:30 The News Outz (St. 11.00 A Book at Bedfime. 11.15 The Financial World Tonight. 11.30 Music at Night. 12.00 News. BBC Radio London

London News Desk. 5.35 Music on the Move 7.03 Black Londoners, 9.00-5.00 am Joins Radio 2. London Broadcasting

6.00 am AM—Bob Holness and Douglas Cemeron, 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight Special. 9.00 Mike Dickin—Night-line. 12.00 LBC Reports Midnight, 1.00 am Night Extra. 3.30 LBC Cinema. 4.00 After Fight. After Eight Sunday. 5.00 Morning Music.

Capital Kacio
5.00 am Mike Smith's Breakfast Show
(S). 9.00 Mrke Allen (S). 12.00
Graham Dene (S). 1.00 pm London
Today (S). 1.10 Graham Dene (continued). 3.00 Roper Scott (S). 7.00
London Tonight (S). 9.00 Alan "Fluff"
Freeman (S). 11.00 John Sach's Lete
Show (S). 2.00 am Night Flight (S).

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EUROPES BUSINESS NEWSPAPER

F.T. CROSSWORD PUZZLE No. 4,362 6.CZ 23 DOWN 1 Bungled chance of having 1 Chairman of the Coal Board

in the West country? (8) 12n. 5 Port authority crime squad not easily disturbed (6) 10 Stand up to Times leader in 75c one aspect (5)

12 11 Not any Frenchman attracts one northern friend by name 12 Surrounded girl ended con-"fusion (9)

tis: 13 River left by bird (5) the 14 Dip-switch for the less intelligent (6) 15 Eastern vote pursued sound quotation (7)

266:18 Fools very keen on taking bu facial snap (7) 186 20 The bar could be an inspira- 19 Excellent bit of advice given zer: tion (6)

52. Quick to see flat opposite (5) 30 bel 24 Summary has one on accurin acy (9)
jee 25 Daily duties (9)
ar 26 Amin given honour in a manner of speaking (5) via 27 Article on one way

become: a believer (6)

novel (8)

28 One trap spoken about in

hands protected (6) Praise for progress towards delicate state of course (4, 5)

4 Like a ring to cancel a right 6 Glebe in which one is still in existence (4, 2, 3, 6) 7 Youth side going great guns

8 Uninteresting dish awaiting exposure and development (3, 5)9 Point to mire for example

17 Borg overhead successful on Broadway (5, 3) to head (6)

21 Reputation made in the Spanish glossy coat (6) 23 Entertain one girl in nine (5)

3 Perspiring after squash just published (3, 4, 3, 5)

turning up in blur (6) 16 Trait adapted into another form of sorrow (9)

Wave to demolition contrac-

The solution to last Saturday's prize puzzie will be published names of winners next Saturday.

BBC 2 11.00 Play School.

4.40-7.55 am Open University.

11.00 Play School.

2.00 Trades Union Congress from Brighton.

4.30 Cricket: The Centenary Test.

6.35 Open University.

ANULIA

9.35 am The Adventure World of Sir Edmund Hillary. 10.00 Rocket Robin Hood. 10.25 Child Life in Other Lands. 10.50 The Beachcombers. 11.10 Animated Classics. 12.00 Just So Stories. 1.20 pm Anglis News and Weather. 2.00 About Britain. 5.15 University Challenge. 6.00 About Anglis. 6.30 Survivel. 11.50 A Witness to Yesterday. 12.20 am Reflection. 6.35 Open University.

7.00 Living on the Land. 7.30 Mid-evening News. 7.40 Wainwright's Law. 8.05 Don Lusher's World of Music.

9.00 Rhoda. 10.45 Newsnight. 11.30 Cricket: The Centenary

Test highlights. LONDON

9.30 am Artistry in Tureens. 10.00 Wild, Wild World of Animals. 10.25 World Famous Fairy Tales. 10.40 Friends of My Friends. 11.05 Story Hour. 11.55 Dick Tracy Cartoon. 12.00 Just So Stories. 12.10 pm Rainbow. 12.30 Public Office. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Against the Wind. 2.30 Trades Union Congress. 4.15 Kidnapped. 4.45 Clapperboard. 5.15 A Sharp

Intake of Breath. 5.45 News. 6.00 Thames News. 6.35 Crossroads.

7.30 Coronation Street. 8.00 Keep It in the Family.

8.30 Just Liz. 9.00 "Marathon Man," star-10.00 News.

10.30 "Marathon Man" (continued). 11.50 The New Avengers. 12.50 am Close: "Sit Up and Listen" with Garth

except at the following times:—

HTV

GRANADA "Marathon Man," starring Dustin Hoffman and Laurence Olivier (part 1). News.
"Marathon Man" (continued).

"Marathon Man" (continued).

"Marathon Man" (continued).

12.50 am Close: "Sit Up and Listen" with Garth Hewitt.

All IBA Regions as London except at the following times:—

12.50 am Close: "Sit Up and 10.00 am The Beach combers. 10.25 The Lost Islands. 10.50 Seseme Street. 11.50 Cartoon Time. 1.20 pm HTV News. 2.00 About Britain. 5.15 Mr. and Mrs. 6.00 Report West.

Forecast. YORKSHIRE 9.30 am Arcut Tundra. 10.00 Wild. Wild World of Animals. 10.25 Moby Dick. 11.10 Young Ramsay. 1.20 pm Calendar News. 2.00 About Britain. 5.15 Mr .and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Calling. 11.50 The Jazz Series.

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30

Capital Radio

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THE ARTS

EDINBURGH FESTIVAL

Scottish Vixen

by RONALD CRICHTON

The Cunning Little Vicen seen at the King's Theatre last week, was the first of two new productions Scottish Opera ductor, David Pountney as prothe same. The reception from a fullchouse was enthusiastic. The Vixen, in which animals and humans commingle in the

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THE RESERVE STATES

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Moravian Forest, and in which parallels are drawn between heir respective behaviour, is notoriously full of pitfalls for producer and designer, Mr Pountney and Miss Bioenson use a fillted greensward of steep hillocks which slides apart at the front to show the cottage yard and inn parlour on a lower level. For summer, overhanging branches with birds suspended in what appear to be ancient balloon-cages. For win-ter, sheets of slippery white nylen for snow — not an en-tirely successful idea. Excellent good, some clumsy, some undentifiable. The question of

forest undergrowth) that the

animal wedding at the end of the first part and the final, healing paean to nature both fall slightly below the mark The humans, and the pair of

brings to this year's Edinburgh foxes when they approach foxes when they approach human status come off strikingly musical side especially, a worthy continuation, of the series of surraordinary ruthless, aggressive, fatally defiant, vividly jointly mounting with Weish sung and declaimed. Her National Opera. The directing quieter moments are no less team, Richard Armstrong as congood. I don't remember seeing the waters with Armstrong as congood. I don't remember seeing the wooing, with Arthur Davies ductor, Maria Björnson (sets and as an unusually winning dog-costumes) and Nick Chelton fox, so sensitively done. The (lighting) as designers, remains schoolmaster of Nigel Douglas, a rigidly conventional man pathetically bottling up a passion for an unsuitable girl. adds one more sharply-executed portrait to his versatile gallery. There are other good performances from Philip Joli as the Forester, from Curt Appelgren as the Parson, from Malcolm Donnelly as the poacher also among the animals, from John Robertson as the rooster fated, with his harem of hens, to mee a swift end from the vixen's teeth. The dangers of this opera lie

in the libretto and its comic-strip origin. Janacek's compassion and penetrating observation of speech and nature noises irradiate and ennoble a lighting for the forest acenes filmsy basis. Richard Arm-makes one indulgent about hit strong, already one of our most driving animal costumes some experienced Janacek conductors, and the Scottish Opera Orchestra, started bumpily but relative scale is ignored; the not settled down to a reading in very important dragon by domi-very important dragon by domi-nates the stage like an insect tempered with sympathetic Oberon. Everyone seems so poetry. A high proportion of terrified of visual coyness the words (Norman Tucker's (though nothing could really be translation) came through. more twee than the use of Wonderful score, that comes up woolly scatter cushions for so freshly every time one hears

Wozzeck

Scottish Opera followed The Cunning Little Vicen with a second new production—Berg's successive evenings and of half curtain does next to Thursday's Worzeck in particular nothing to dampen the noise lar implies that the period of the quick scene changes.

Uncertainty is done. With a Alden uses his singers Worzeck The quality of the two bang the company appears to restimed the prominent The produced was the American Chopeographic if more choreo David Adden the designers graphers possessed it—Balan-David Fielding (sets and tose chine of course is one who does times). On the first night alerity. Benjamin Luxon's there was a fair and charter might alerity. there were a few empty seats

excitement that distinguished management of the vocal lines innels of this producer's from song through speech-song Rigoletto, last year, and in to inhibited speech is masterly. Wozzeck the quality is more Wozzeck's principal tormenewedly applied A hostile tors, the Captain and the Docreviewer could tiam with spine tor, are played by Francis insting that Alter's method is Egerton and Roderick Kennedy past respectively as a Georg Grosz an anthology of post-Expressionist frientre and indeed many familiar features are there—a Brechtian half dark glasses and tapping stick curtain; whistling hack and Excellent portraits, vocally on fight, a white Mashinsky box the light side—while the Gerlie the Covent Garden Grimes, man coaching has been the lighting crew wishly helding thorough, the singing generative with marks have also also the last then Committed spots much peraphernalia also ally has less than Germanic visible and rather too frequent weight. The Marie of Elise Ross. reliance on ciofnes and sheets hanging out to dry as a means of furnishing the bare stage. These things are used not for does not always lie comfortably doctrine's safe but; with flair and intelligence, to sare the work. Thought the elements are plain the visual side of this strained and on Thursday the work. Thought the elements are plain the visual side of this strained and on Thursday the officers of the attacking army to store their wines on. On a balcony, young officers in pretty white uniforms with wigs under their tricome hats, and the other principal depending and turther down, episode makes brilliant use of drawn than the other principal with like light is on the other hand, a part last ing about one minute, is unforget white light is it so small and shallow for prisoner and is courteously increasing the later scenes is all the same not to spare the hard. Two white and scorpions.

The moment arrives when her father, General Egidio, is These things are used not for does not always lie comfortably doctrine's sake but; with flair for her voice. The top is

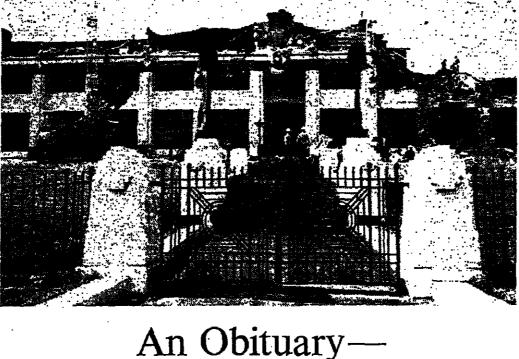
ment: the baritone soldier or apprentice (sung I think by Norman White) looked at times confusingly like Wozzeck. The

Alden uses his singers plastically, their movements expressive both individually place it formerly occupied. Sir and in relation to one another. Alexander Gibson canducted. One might call this ability graphers possessed it - Balanchine of course is one who does. The Scottish cast responds with Wozeck expresses his inarticubut the performance made a lateness with moving intensity cansiderante impact.

One reconsists the sharply rigidy a performance of subtocused unremitting theatrical lety and power in which the respectively as a Georg Grosz

manikin and a Hoffmannesque scarecrow with stove-pipe hat, hollow-eved and despondent, is expressive in posture and often in musical phrasing but the role

rider red of unusual depth. Two whips and scorpions miscalculations need adjust RONALD



The Firestone Building

by GILLIAN DARLEY

staffed and holiday-sapped

Department had not done much

except—extraordinarily—to in-form Trafalgar House (whose

subsidiary had just bought the

site) that it was likely to be

listed soon. The loss of the

go through a curious procedure

with the Historic Buildings Council before they can

approve listing buildings of

very accusing finger at the

Firestone, splendid as it was,

same practice (also empty,

beware) and making a trium-

phal avenue with the other

lesser buildings along the Great

were a vision of industry in a

clean, electric world.

Wallis, Gilbert's factory for

late July.

HOLIDAY week-ends tend to be good moments to photograph huildings standing on busy roads—most people have got to wherever they were going and it is possible to dart about on the central reservatiton with a diminished risk to life and limb. Accordingly, the Saturday be-fore last I set out to photograph the Firestone Building on the Great West Road near Osterley. As I arrived, it was coming down.

Interestingly, it was not a full-scale demolition but a careful picking-off of the crucial features (rendering them unsalvageable) such as the central motif of the lavish red, green and blue ceramic surround to the main entrance. That had gratuitously been smashed to smithereens; the ceramic door iambs were untouched.

Something went very wrong on that Saturday, for the conservation movement, by now well enough versed in the necessary procedures, and in particular for the recently formed Thirties Society. Why, we might well ask, were they set up at all, if not to ensure the survival of the precious few Art Deco buildings to emerge in the late-1920s? They well knew the building was vacant and had been so since early this year; yet they did not lobby

siderable attention to the speed Not surprisingly, the underof its design and building; incredibly, contract drawings were produced in three weeks and the time between the arrival of construction workers on site and the production of the first tyre was a staggering Firestone factory points the finger at the DoE, who have to 18 weeks.

As the Builder put it, ' ferentjal treatment " accorded to the elevation. This was the public face of an advanced industrial complex, including a U-shaped producsuch "modernity," and at including a U-shaped produc-Hourslow Borough Council tion line, administrative block, Needless to say, it points a medical centre, cafeteria and, throughout the place, drinking fountains. The white cement of the facade, its stone piers and faence detailing, were as bright made architectural sense be- and clean as conditions inside; cause of its setting. Opposite it carried its message on its the Pyrene building by the sleeve.

Now that the Firestone factory has gone (or as good as) the howling is loud. So it West Road, the gleaming white battles of the defenders of Vic-of the new materials (reinforced torian architecture for the torian architecture for the concrete, used better then than Euston Arch, the fight is being now), the pin-pricks of the put up after the event. decoration in bright "Odeon" Vehemently shutting stable decoration in bright "Odeon" Vehemently shutting stable colours, and the verdant setting doors is not the way to conduct conservation battles; good buildings deserve advance, not rear-When the Builder published guard action.

Citizens', Glasgow

The Battlefield by B. A. YOUNG

last Goldoni transcription, but still it is not so frivolous as rather than the betrothal of we have thought this writer to be until lately. Its subject is war, and the frivolity of war. and it is told through the medium of a love-story.

Faustino, a young ensign in a vague 18th-century European army where they dress as if playing Mozart, is in the force besieging a castle. How beautifully Philip Prowse has thought up this castle in his design! Its wall rises, sunlit white, its edges jagged from gunfire; a crack marks it halfway up; at its foot stands an altar used by the

in pretty white uniforms with in Goldoni's play. The fight wigs under their tricome hats, goes on: the officers' lovely

Robert David insists that he will only sur-MacDonald. This is not so render if he is granted full the dishonest quartermaster, are earnest as La Villegiatura, his military honours. This is in fact trivial stuff compared with the the play's centre of interest. Faustino and Florida, or for Goldoni's play we e- only that matter of Ferdinando, guess, as Mr. MacDonald is at Aspasia, the Count, Lisetta or any other peripheral pair. And how little things have changed! Uolchefit in the Abyssinian campaign in 1942, the Italian

general refused to surrender to an East African brigade because they were black troops. So he would have been kappy for fighting to have continued if there hadn't been a convenient company of the Argvli and Sutherlands nearby. Once he had been reassured that the Argylls were not black, he surrendered. This is just how it happened

more bloody; then Egidio is allowed to march out with colours flying and drums beating and the betrothals go ahead. only with the officers less immaculate and a lot of the other ranks piled up dead in

The Citizens open their new seems as if a happy ending is a strange judgment, for the season with another Goldoni already in sight. But Egidio truth is that the plot and various sub-plots. like the fall of main theme.

How much wit there is in his most eccentric, decorating his lines with Shakespearean phrases that may correspond with the Italian but are loaded with false relations for British audiences. "Cheerly, boy, cheerly," they say, and "Your exquisite reason! " and " A beast that wants discourse of reason." The appearance of the general is greeted with most of Handel's Coronation Anthem, "Zadok the Priest.

These private jokes aren't so effective as satirical moments like the delivery of the peace treaty by a messenger on the point of death, or such human miseries as the loss of one of white uniforms get more and Faustino's arms during the resumed fighting. Ciaran Hinds gives Faustino a routine look of romance, and Angela Chad-field makes Florida suitably haughty, but I found the two generals, Patrick Hannaway as Egidio and Steven Dartnell as

Albert Hall/Radio 3 & 4

Concertgebouw Orchestra

by MAX LOPPERT

concerts, on Thursday, the Amsterdam orchestra under Bernard Haitink offered symby Mozart and Bruckner. On this occasion, the order of precedence on the roll of honour demanded immediate reversal; for whereas the G minor, K.550, was (in spite of many fine, muscular, and sensitively shaped features) a performance of slightly blurred focus, the Concertgebouw's Bruckner Fifth revealed itself, once again, as one of the wonders of the musical world.

All leading orchestras play Bruckner these days, some of our own with great accomplishment. Yet the impact of the great Dutch orchestra in full Brucknerian swell was a shock as well as a tonic; for Bruckner is in its bones, and the difference between that and the wellstudied, well-proportioned read-ings to which we are accustomed is acute. In the Albert Hall—a place, with its halo on the brass choirs and its afterglow colouring the mighty silences, supremely apt for this the DoE to spot-list it until an account of the new factory composer, nearly as natural in late July.

an account of the new factory composer, nearly as natural in July, 1929, it devoted conordination as St. Florian itselfthere seemed no perceptible dif-ference between the notes and Thursday's realisation of them: in every noble curve, crag, and climax, the performance insisted that this was the way the music was destined to sound.

That has always been the appreciable goal of Haitink's Bruckner interpretations; but as, in recent years, his response to the outward manifestations of becomes a goal ever more unfolding of the movements, one could yet discern how subtly each tempo modification, pizzicato string passages of the outer movements or the steadily accruing full-orchestral radi-But, unlike the pages was beautiful in a way that both demanded and dis rounded, deep-toned balance of this orchestra implies selflessness as well as fine musicianship

> The later Bruckner symphonies, especially the final three. plumb darker depths, ascend grander and more precipitous spiritual heights, sing longer and more memorable melodies; under the pressure of this performance one could be forgiven for insisting that the B flat symphony is the most perfectly fection of ensemble and glowing shaped, and the most exhilarat- sound have been so abundantly ing. This is by no means what confirmed-or Bernard Haitink's it is always heard to be; the absolute mastery so unanswer

fourth movement, less expertly controlled in its flux of differently paced and directed Mother

At the first of its Promepade endlessly on its path towards final triumph. As with vast Bruckner and which on Thursreach and assured aim conduc- day (under Haitink) made his tor and orchestra drew together fifth symphony seem almost a the many strains, the experience became like that of Die Meister- hall, had no evident trouble, in singer in similarly propitious adjusting to the conflicting circumstances: an affirmation of demands of Ravel's score. A

> Soviet Union, Kiril Kondrashin has been installed as resident conductor of the Concertgebouw Orchestra; he led the second of its Proms, on Friday. The music-making was less elevated Thursday's Bruckner than Fifth had been, nevertheless. it was both instructive and enjoyable to discover the many ways in which the orchestra's innate gentle beauty of tone could be turned to the advantage of a programme in which such virtues might not immediately be reckoned of first importance. The Prokofiev Classical Symphony, even if one has heard it flash up with a quicker wit, developed here an unfamiliar strain of poetic sweetness, particularly where the music prefigures Romeo and Juliet (and this despite a touch of the martinet in the conductor's handling of the first

movement).

Warmth of string tone graced a Bartok Third Piano Concerto otherwise somewhat prosaicthe Dutch soloist. Theo Bruins, boasted the proper fluency but little of the mitigating roundness of touch, and Bartok's piano writing was to often made to sound like percussive music has grown both more clatter, a likely but not undramatic and more sensuous, it avoidable danger. Kondrashin is not the most demonstrative of readily within his grasp. In so conductors. One of the happy utterly natural and effortless an features of the Rakhmaninov Third Symphony in this reading was its naturalness. The voluptuous melodic curves acquired each new pressure on a melodic no extrinsic expressivity: the phrase, had been discovered sound was romantic without The sound of such things as the being synthetic, without suffering the Hollywood-style inflation conductors outside the Russian Rakhmaninov tradition ance of the symphony's closing tend to confer on the luscious hrought with him an altogether couraged particular attention. less salubrious Russian tradition; in all four of its plush but not wastefully ample movements the music was grievously

Rarely does an orchestral concert affor such unalloyed sensual pleasure as did the Concertgebouw's final Prom appearance on Saturday evening. And rarely can the legend of this orchestra's finesse, perably demonstrated—as in Saturday's performance and experience. episodes, can seem to ramble Beethoven's C minor symphony.

An orchestra famous for its natural inmate of the concert more refined, delicately pulsing tissue of sound, homogeneous Since his departure from the yet contoured, warm yet remote and magically enticing, could not have been asked for. Solo playing from violin, harp, celesta and - crucial to the Beauty and the Beast episode -contrabassoon was unfailingly stylish. Haltink maintained a discreet rubato with instinctive aplomb; but the music's static, perfumed quality—Ravel's evocation of miniature worlds-had been well under stood.

British première of Rendrik Andriessen's fourth symphony-written in 1954 by the Dutch

composer who is now 88 and at home very senior. It is a three movement work comparable in formal outline, as the programme note observed, to César Franck's symphony. Unfortun ately-Ricardo Chailly's profound interpretation of the French symphony at an earlier Prom still echoing in the mind-that invocation quickly re bounded on Andriessen. In content his symphony does not come within a thousand miles of Franck's; the shared device of transforming a motto (and other) themes throughout its course is vitiated when the melodic material is so exceed ingly unmemorable in the first place. The inspiration had none of Franck's passion and little sincerity indeed; we were offered a depressingly familiar variety of dour rhetoric (not unfairly to be dubbed second-rate Shostako vich); slick when it would be incisive, maudlin when it would be intense. "Senior" music to be certain; though an elderly lady on my left fell symbolically asleep during the Andonte sostenuto. .

Its impression was effaced by a reading of Beethoven's Fifth that, unusually, reconciled grace ful, beguiling, detailed realisation of texture with a formal sense and gestural insistency nevertheless potent. Much was revealed, both in the notes and about their meaning, for the first time. One was pleased to accept that terrific might need not be brash and aggressive but compatible with, for example, an almost evanescent poise in the pianissimo reprise of the scherzo. The contrast of lilting melody and martial vigour in the Andante was tempered beautifully. Haitink's bacing (apart from his other gifts) comes to infallibility—the equivalent of a singer's perfect pitch. Tidi Beethoven was an unforgettable

PALL DRIVER

Wigmore Hall

Jessye Norman

by ANDREW CLEMENTS

concert halls continues apace. Air conditioning is promised soon and, as if to emphasise the the most glorious of seng recitals: Jessye Norman was accompanied by Geoffrey Par-sons in a programme of Wolf

Miss Norman. If it is possible, her platform manner now seems warmer and more commanding

The redevelopment of the sharfe," the poise in its unac-Wigmore Hall as a genuine companied opening cuite nerve-alternative to the South Bank less, the tone at once entirely even. A single constricted ckmax in "Nimmersatte Liebe was the only evidence that even improving quality of the con- such a superbly natural voice certs, the new season was takes a little time to warm to opened on Saturday evening by an unfamiliar hall. Thereafter everything was precisely focused. ·

Five Mörike settings were followed by a group of seven from the Italian Songbook. No singer communicates One expects Miss Norman to greater delight in her art than endow the slower songs with the richest, most sustained of phrases, but perhaps the immediate charactersation of Construction and the state of t

The first of Ravel's Chanson madécases gave for the only time in the evening the hint of an interpretation not yet settled The opening verse is still to find its perfect pace, the quickening at the first entry of the pianoneeds yet more intensity. No complaints in the other two songs, however—the impreca-tions of "Aoua!" chilling and magnificent - and three of Ravel's arrangements of Hebrew folksongs brought memories o the spirituals with which Miss Norman has often ended her recitals. In fact a spiritual followed as the first of two encores; the second, Satie's "Je te Veux" was a most delicious ending, that seemed to enchange Mr. Parsons as much as it did

the audience.

CRICKET BY TREVOR BAILEY.

Centenary Test is out for a duck

special match celebrating 100 brought both captains with two officials considered the veirs of Angle-Australian Test them in their last inspection. Grown the capacity authorities, who appreciated the pathy with umpires. Captains, authorities, who appreciated the pathy with umpires. Captains, dissatisfaction of all present, except before the start of a captains. The wave in turned out they eventually decided to play to be an absolute disaster for at 3.45. the unfortunate spectators and

at Lords while the final stages coated with sawdust. of this sad occasion were close. Nobody can doubt that Bird hurled at the two umpires and

possible to start on time if pretation of what was fit to play, also understandable. As Keith there had not been a heavy as distinct from what was Miller remarked to me, "If this downpour early on Saturday morning. This left the sufficiel moist. In addition, a anail area of previous pitches which

In these circumstances a lunch. delay was both inevitable and

A region of the second of the

the game atself.

this was at least two hours too which their neumon depends.

Here was a classic example of late, especially as the proPlayers as a race are and

Here was a classic example of late, especially as the prohow inflexibility and at lack of tracted delay was mainly due always have been good at procommunication can produce to a small stretch of wet former ducing reasons why play should unit scenes even in the pavilion wickets, which were eventually not take place.

and Constant are good, sincere captains when they returned to followed by a slight drizzle to pure farce and Constant are good, sincere captains when they returned to In spite of the rain of the and conscientious umpires. The the pavilion before the match previous day it would have been point at issue was their inter- started was regrettable. It was actually playable.

officials were ton BOOD fastidious, especially as this was cricketers could not underhad not been covered, presiminate a test but also a special stand what was, or, rather, was abily because there were in cricket occasion. There can be not, happening in the 90 mi feasible to start after an early 3.45 pm and tea Australia 100k

It is noticeable these days aggression. Hughes completed

THE SATURDAY of the Cen- the two umpires. Their unsatis the captains of Kent and tenary Test quight to have been factory findings were eventually Worcester overruled the un-tenary Test quight to have been factory findings were eventually Worcester overruled the un-tenary Test quight to have been factory findings were eventually worcester overruled the un-pires on Saturday so that their Messas. Bird and Constant match commenced before the

At a conservative estimate mitting those umpire reports on this was at least two hours too which their livelihood depends.

The jostling and verbal abuse had happened in Australia they On this occasion I felt that would have burned down the pavilion." Many former test

In the 90 minutes between their score to 385 with style and acceptable. What baffied and that most umpires, in their an admirable century and ably, again too dark As an exercising and that most umpires, in their an admirable century and ably, again too dark As an exercising and the growd was that efforts to be fair to players are Border a delightful 50 against cise in how to stop people after hours of surround around the control of the country and ably, again too dark As an exercising the control of the country and ably, again too dark As an exercise the country and ably, again too dark As an exercise the country and about the complete it was, intering an admirable century and ably, again too dark As an exercise the country and ably, against the country and ably, against the country and ably, again too dark As an exercise the country and ably, against the country and ably against the country and ably, against the country and ably ag occurred except inspections by . In this connection I note that peculiar fields.

In a desperate effort to bring purpose to a show-piece match which was drifting towards a dull draw as a result of the weather and the inflexibility of the umpires, the administrators, without too much thought, agreed to add two more hours to the game.

This included both captains agreeing to continue until 8 pm on that ill-fated Saturday, which, as headlights are usually switched on at 7.30 pm, was somewhat optimistic. The Australians declared in

the interval but after only two balls the umpires came off for bad light. Because this was most of the disillusioned and disenchanted crowd drifted home. However, it was not the end of the drama, for much later the light improved, the sun and the umpires came out the covers were removed and some damp patches were dried. Eventually everything was-

ready for a restart, which neither Boycott nor Gooch would have relished. However, by the time all these events had been completed it was, inevitTENNIS JOHN BARRETT

Seeds survive in heatwave Open

New York humidity, with tem- 4-1 and, after losing his peratures in the nineties, the advantage, had two points to 1980 U.S. Open is heading for break serve for a 5-3 lead record attendances, and some before being taken to a tieintriguing confrontations on break which Borg won convinc-court that will have a strong ingly, seven points to two. bearing on the year's world rankings.

the last 16 of the men's singles but Virginia Wade has failed three successive breaks of serto reach that stage.

the record total attendance a minute less than two hours. figure of 305,311 achieved last Borg will be delighted to have year seems certain to be broken. survived his ordeal under lights There were 11,487 in the and will be pleased too, that his stadium on Saturday night to leg is giving no trouble for watch the top seed Bjorn Borg thre is serious busines ahead

complete his obligatory flood- this week. Yannick Noah, the in the fifth set. light match against Australia's young French giant, is his next This is certainly Mottram's champion, had to work hard Peter McNamara, the new opponent and then in the best performance in a major for her 6—4, 6—4 win against Wimbledon doubles champion. Borg started tentatively against McNamara who clearly believed the best way to beat the world's number one was to Vijay Amritraj (India)—the Africa's speedy Johan Kriek, 4—1 and had a point for a 5—1 hit hard and hope that Borg's man who had earlier eliminated whose match against the lead. But once she changed known difficulty with his timing the number eight seed Eddle under lights would embarrass Dibbs (U.S.).

For a couple of sets it did. In 3-6, 6-4 against Hank Pfister, hospital following a reaction to a 6-4, 6-4 defeat.

McNamara's all-or-nothing

hitting produced some spec-Buster Mottram survives in tacular winners in the second he last 16 of the men's singles set, which he won 6—1 with vice. But Borg's answer was to After 10 ofth e 23 day and raise the tempo and deny night sessions, 128.813 paying McNamara the time to make his spectators have visited the U.S. winners. Forcing more from the Tennis Centre at Flushing Mea- net than usual, the favourite dow Park-13,851 more than at won 12 of the next 14 games, the same stage last year-and to win 7?6, 1-6, 6-2, 6-0 in

a mettlesome victory.

under the towering stands of walkways and staircases spectators pass continually in their distracting hundreds.

level of play was high with on the backhand, Miss Wade Mottram's reliable service had lost sets. returns a decisive factor. The vital service break came in the systerday, with a show that consing same of the final set suggested she was determined of seven double faults he delivered during the match.

night. That had ended at 7-6

DESPITE a week of sweltering the first the Australian led the 23rd ranking American, was to an antibiotic he had taken Miss Wade's exit 4-6, 6-2 This Saturday match was 6-0 to the Romanian number played on noisy Court Three, two Lucia Romanov, 21, was a disappointing but not altothe stadium where along the gether unexpected disaster. In her previous matches against opponents who, like Miss Romanov, play right-handed Despite the distractions the forehands and with two hands had lost sets.

When she won the opener when Pfister delivered the sixth to fulfil her number 12 seeding position, there was hope that she had cast off the uncertainty The American began to look of her previous matches. But tired during the last few all the old frailty, particularly games-due partly, no doubt, on the forehand, returned and to his long, winning encounter she could claim only two more against the number five seed games against an opponent Vitas Gerulaitis on Thursday who ranks about number 30 in the world.

Tracey Austin, the defending quarter-finals Tanner again, championship, and he could the left-handed West German provided the 11th seen can over- progress further, for the seed number one Sylvia Hanika. In come the tall Californian Brian in this quarter, Peter Fleming the opening set, Miss Hanika Teacher who on Saturday beat (9th), was eliminated by South hitting with heavy topspin, led promising Tony Giammalva was her tactics and attempted to held over until yesterday. The volley, she was passed Mottram's 7-6, 4-6, 6-4, American had spent a day in repeatedly and sank inevitably Monday September 1 1980

A small step backwards

Carter can plead modesty in defence of his proposed tax cuts. church to purchase six new bells. More important, it is far more modest than the implied size of the "sweeping" cuts Mr. Reagan has proposed. Mr. Carter is still therefore campaigning as a fiscal conservative, against the radical Right-wing Republicans, but as a conservative prepared to act on his concern about industrial disruption and low productivity.

If his proposals win popular approval between now and November, it will probably be, ironically enough, because they are the wrong thing to do. While the President and his advisers were debating the details of his proposals, the evidence that the US recession is likely to turn of its own accord continued to accumulate. The spectacular rise in the Index of Leading Indicators at the end of last week was only the final confirmation of a whole series of pointers—a rise in vacancies and a sharp slow-down in layoffs, a recovery in consumer confidence and a level of appropriations for investment spending which, although well down from the astonishing first quarte, still promises a healthy rise for the year. It is now those who believe that the recession will persist obstinately who must look for evidence. The indicators suggest a modest but definite recovery in time for the

Wrong direction

... In these circumstances, a set of proposals which would significantly enlarge the fiscal deficit for 1981 is clearly a step in the wrong direction. The at the apparent bottom of a in an election year.

LIKE THE VICTORIAN house- sharp recession shows how little maid who sought to excuse the room there is for the financing unexpected appearance of a of Government borowing and a baby with the plea that it was still forbidding rate of inflation only a very small one, President with the Federal Reserve monetary targets. The evident danger for the U.S. economy is The total \$27bn relaxation is not that it will drift into slump only smaller by a third than the for want of deficit spending, but programme already proposed by that any strong recovery will the Senate Finance Committee strangle itself in a noose of high the Senate Finance Committee in an odd addendum to a Bill interest rates. Any U.S. corporation with a British subsidiary could provide a horrid cautionary tale about the poten-tial results. This fear is certainly at large in Wall Street, where a politically unfriendly audience has denounced the President's proposals as both "piddling" and dangerous.

Fiscal context

This seems a good deal less than fair. The proposals themselves are perhaps mundane. but the detail appears wellconsidered. The bias towards investment allowances rather than personal taxation is useful. and shows some political courage. The much criticised proposals to pay what amount to investment grants to companies with no taxable profits could provide useful assistance both to urgently needed re-equipment and to new enterprises.

Above all, the proposals should be seen in fiscal context. The new OECD report on the U.S. economy last week esti-mated that the new level of social security payments, coupled with fiscal drag, would provide such a sharp tightening of the fiscal stance that even a \$15bn tax-cut would leave a deflation equivalent to 2 per cent of GDP. The new stance is still significantly defiationary — unless, as one or two Wall Street critics suggest, there is an unusual amount of wishful thinking in the most recent projections of the deficit. A provisional judgment, then, suggests that although the U.S. economy would probably perbetter without this "stimulus," it is not nearly as fact that interest rates in New bad as might have been feared York have now begun to rise from an embattled President

Explosive mix in the Horn

Ethiopian military incursion on they may seem. to Somali territory took place last Wednesday, the claims and counter-claims emphasise how explosive the Horn of Africa has once more become. Its strategic importance has grown too. Only last week the U.S. finally reached agreement with Somalia to make use of the fine harbour and airfield built by the Russians at Berbera on the Gulf of Aden.

The U.S. sees Berbera as an important link in the chain of military facilities it is building on and around the Arabian peninsula. It is developing them in Egypt, Kenya, Oman and on the British Indian Ocean island of Diego Garcia, to enable it to move forces into the area in response to any Soviet challenge to the oilfields of the Gulf or the tanker routes to the west

and Japa<u>n</u>. **Facilities**

The acquisition of this network was a reaction to the strategic gains the Soviet Union made at the expense of the U.S. by its invasion of Afghanistan and the fall of the Shah of Iran. The Soviet Union's reach has been extended and already has the former British base of Aden across the sea from Berbera and naval facilities on the Ethiopian-owned Dahlak Islands at the southern end of the Red Sea.

minute that the U.S. government overcame its deep doubts about Somalia. Being one of the few ethnically homogenous countries in Africa Somalia refuses to accept what it regards as the colonisation by Ethiopia of the many Somalis living in the Ogaden region of south-east Ethiopia. This inspired a fullscale war between the two countries in 1977-78, when Somali regular forces assisted guerrilla groups and seized the whole of the Ogaden. But they were driven out when the on the Red Sea, which still Soviet Union poured in arms repeatedly humiliate the and Cuban troops to help Ethiopians and their Russian

At that time the U.S. and western countries refused to help Somalia, even though it ejected the Russians from the supporting Ethiopia. Somalia the more populous independence are inviolate, advisers there in 1977.

an however anomalous or unfair

Only the Soviet invasion of Afghanistan made the U.S. change its stance, but it has still tried to avoid being drawn into Somalia's territorial disputes. The U.S. has now reached an agreement for its use of Somali military facilities in return for a relatively modest amount of military and economic aid, an "unwritten understanding" that American weapons will not be used in conflict with Ethiopia and assurances that Somalia will not send troops against Ethiopia.

The U.S. is taking enormous risks. For two months this summer a substantial force of Somali regular troops was fight-ing Ethiopian forces well within the Ogaden. They were apparently defeated and forced to withdraw, though it is reported that some regular troops are still there. Ethiopia has warned that it is running out of patience and has occasionally bombed Somali towns and strategic targets along the border. Its case over the Ogaden has just received the endorse-ment of a special OAU com-

Outgunned

The danger is that Ethiopia will be tempted to teach Somalia a final lesson by invading it. Somali forces would be badly outguined and the U.S. But it was only at the last would be under strong pressure from Somalia's allies, notably Saudi Arabia, to come to its assistance, even though its agreement with Somalia puts it under no obligation to do so.

> The U.S. must be hoping that any transgression of Somali territory by Ethiopia would severely weaken its legal and moral case, and that Moscow will restrain its ally. Ethiopia has yet to defeat the guerrillas fighting for the independence of Eritrea, its northern province repeatedly humiliate the Ethiopians and their Russian advisers. Without a peaceful Eritrea the strategic value of the Soviet Union is small.

But if both superpowers have military facilities it enjoyed their problems in the Horn of Moscow switched to Africa the Russians have backed impressive track record in the supporting Ethiopia. Somalia the more populous and motor industry where he built was clearly the aggressor and potentially more powerful state. was apparently acting in The Carter administration may subsequently Kwik-Fit, was to defiance of the Organisation of wish it had not picked the run the group blew the shares African Unity's charter which quarrel with Ethiopia that led up to a euphoric 59p. Unsurprisholds that borders inherited at to the eviction of its military ingly, his offer won not a single

The TUC Conference

Faltering under fire

BY CHRISTIAN TYLER, LABOUR EDITOR IN BRIGHTON

Trades Union Congress is in a political recession from which it does not know clearly how to escape.

The largest democratic institution outside Parliament, to which some 12m working people subscribe, has been rendered virtually impotent by a selfconfident Conservative Prime Minister determined to test trade union power against free market forces operating in a depressed economy.

This week trade union leaders and shop-floor activists will be calling for the Prime Minister's head. The 112th congress, opening in Brighton today, will be unanimous in its condemna-tion of her social, economic and industrial relations policies.

But, while the 1,200 delegates economic strategy, they cannot be confident that they have the power even to dilute the Government's harsh economic prescription.

And, if the TUC is certain of its own policies it is far from certain of its own leadership. The Labour Party is publicly divided so that, by com-parison the TUC will appear a model of unity. But both are suffering from a lack of strong direction at the top.

Out of tune

Ministers. sensing this, may feel they have exorcised the ghost of 1974, when public opinion impaled the Heath government on the bayonets of the miners. They may even derive some quiet satisfaction from the present anguish of trade union leaders who, they believe, are out of tune with public opinion, and far out of touch with the politically apathetic majority of their mem-

But some ministers, at least, must now be aware of the risks they are running. The speed and severity of the recession has put a powerful weapon back into the hands of the TUC, even as it sharply reduces the membership of some of its constituent unions.

At the same time, the TUC's political isolation has forced its leaders to set in train an internal review of its constitution and purpose which could produce an organisation with more power and authority than has ever been tolerated at the centre by Britain's independentminded unions. Shortly after this Congress,

Mrs. Thatcher, the Prime Minister, will probably meet the TUC General Council, at their request, to hear their restraint have gone down badly protest about the rate of unemployment. That meeting TUC is prepared to discuss could break up in disarray and mutual recrimination. Or it could define-for the first time since this Government took side of a full scale political some sections of the labour office—what the relationship crisis. between the two is to be. The unions and the Govern- would not in any case do a deal

ment have staved in contact with the Government at any even if the substance of their price-a sentiment that will be discussions has been thin. Union leaders continue to assert their interest in issues divide as diverse as forestry policy Thatcher's own perception of and the public sector borrowing trade unions as over-mighty requirement. In some cases, agents for wage bargaining and

motor industry, for example, or on the cost of energy to British industry. The six trade union members of the National Economic Development Council appear to value that forum as a way of meeting and hearing individual ministers, if nothing else, and as a way of encouraging the Confederation of British Industry to find

areas of agreement. They claim to have helped persuade Sir Keith Joseph, the Industry Secretary, to relax his non-interventionist line, at least as far as new enterprises are

the Employment Act.

Yet despite all its reverses, the TUC continues to declare its party political neutrality, a

the Labour Party. There is,

therefore-in theory-no reason

why Mrs. Thatcher should not

succeed where Mr. Heath failed

and establish a consensus with

the TUC about the broad lines

in prospect. Sir Geoffrey Howe's

wages with the Chancellor are

clearly too severe for this

Government to contemplate this

There are many unions that

heard often enough in the

coming week. But the real

is between Mrs.

ie terms upon wnich the

of public policy.

they believe, they have man the TUC's view of itself as part not, it should be said, an indict and face expulsion from the aged to advance their case a of the social system with a ment of Mr. Len Murray. His TUC-but not at this Congress.

> The debate this week on incomes policy will therefore matter almost exclusively to the Labour Party. The question before the Congress is whether the next Labour Government should be offered a refined version of the social contract bargain-refined in the sense that crude wage restraint would be abandoned in favour of a system that supported living standards (though not at the expense of jobs) while redistributing total income more

Where they have not suc- As far as the Conservatives ceeded with the Government, of are concerned, for now, the TUC course, is in averting the new is concentrating on a propa-laws on the closed shop, picket- ganda campaign designed to ing and other sympathetic convince public ponion, includ-industrial action contained in ing millions of trade unionists who voted Conservative, that the Government is a disaster for the country.

equitably.

members pay political dues to now generally regarded as hav-

lead.

In fact, no such consensus is not going to get one.

ing been hopelessly premature

even though it was better sup-

ported than some accounts sug-

gested. As a consequence, those

union leaders most affected by

the recession-who would like

to see a much fiercer campaign

lectures to the TUC on wage unlikely, for example, to mobi- man of the Economic Commit-

Consett steelworkers. That does

not mean that a catastrophic closure within the next six

months will not start a revolt in

movement that the TUC would

be obliged to support and then

For now what seems to con-

tical sophistication at the top.

-now recognise that they are

The TUC would be most camp, Mr. David Basnett, chair-

cern the activists much more is the General and Municipal what they see as a lack of poli- Workers, is also at the centre of

it is bound to preserve, espe- it had a long way to go in this tion cially since only half of its 12m struggle. The demonstration is level.

fraction—on protection for the legitimate interest in defining general secretaryship is highly the limits of Government action.

front that he can to the outside world, papering over the cracks that are appearing as rival interests on the General Council exploit the political vacuum.

The Day of Action on May 14 constitutional neutrality which taught the TUC leadership that reaction to its loss of recogni-

regarded from within and his accept the TUC's verdict. perceptions of the role of modern trade unionism command wide respect But Mr. Murray is short of support precisely at the moment when the that the TUC was playing into TUC needs it most. His job has been to present the most united the hands of the Communist

This week's Congress will illustrate again the essential weakness of a system in which ambiguous composite motions are cobbled together to satisfy quite contradictory view-

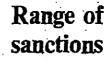
This vacuum has been exploited most obviously by the new Right-wing alliance of the Amalgamated Union of Engin-eering Workers and the Electtrical and Plumbing Trades Union even as the General Council as a whole appears to be moving towards the Left in tion and clout at Ministerial

-if they continue to refuse to And, third, it was Mr. Duffy. and Mr. Chapple who most outspokenly criticised the proposed visit to Poland, which Mr. Basnett is to lead, on the grounds

authorities. Some of the more junior members of the General Council are dismayed by the amount of personal provocation that goes on, especially when Mr. Chapple is taunting the Communists, and by the poor quality of contributions at the monthly meet-

For this reason, the retirement this year of Mr. Harry Urwin of the Transport and General Workers, whose wisdom is universally admired, is seen as a serious loss to the General Council. Mr. Joe Gormley of the Mineworkers, is also leaving. the General Council this year. His absence will not be noticed so much. But his place will probably be taken by Mr. Arthur Scargill, the militant Yorkshire miner's leader. His election will inject some interesting new life into the Coun-

cil's proceedings. There is not much that the TUC can do about the present weakness of its General Council, short of the kind of whole-sale reform of its electoral system that has been unsuccessfully proposed twice already. Even that might have little effect apart from removing some of the more colourful Left-wingers who now sit on it. But there is a more fundamental review under way which could give the TUC an authority it has never enjoyed and transform the General Council from a talking shop into a real centre of



All the unions are being asked, in effect, whether they will delegate some of their authority to the centre in order to strengthen the TUC's hand as bargaining agent with government on the wider policy issues. They are also being asked whether they will give a greater representational role the Electricians, led by Mr. Frank Chapple, have embarto the TUC's industrial committees, bodies that at present serve, often as not, to magnify, rather than reconcile, conflicts between unions in the same industrial sector.

Even more importantly, there will be proposals to introduce a range of sanctionslise now in defence of the tee, has been at the receiving short of expulsion—that the TUC can wield against individual unions who refuse to accept its verdicts. If such the TUC might be able to solve quickly some of the embarrassing inter-union disputes that crop up. They could be used, for instance, to ensure that no trade union accepted the state ballot money.

Reforms of this importance As one put it, some senior members of the TUC General Council "behave like sixth formers in a brothel." This is

ultimately resides and the TUC commands little attention on the shop floors of Britain at

FORWARDIN

THE 80s -

NOT BACK

The quid pro strengthening the central apparatus could well be fully to legitimise the role of shop stewards and to devolve power on the multi-union stewards' combines that are growing up in many of the bigger British companies. The first pooling of ideas will occur later this year for a review that is not due to be completed for at least a year.



task of papering over the cracks that are appearing as rival interests on the General Council exploit the political vacuum.

There can be little doubt that the harsh economics of the present Government and the impotence of the TUC in the policy debate, will colour the arguments for internal reform. Already union leaders are intermediate sanctions fines, calling on one another for for example—were available, mutual support in the knowledge that few of them are strong enough to fight alone, whether it be against job losses or against the Employment Act.

The 112th Congress will undoubtely expose some of the divisions and weaknesses of the TUC. But it could also signal the rearmament of an instituthe consent of the unions and tion which, once having tasted power, is determined one day to

MATTERS

Ford shines in Polish debate

Rather late in the day, former U.S. president Gerald Ford is still struggling gamely to pick up the pieces of the clanger which he so spectacularly dropped during his 1976 electoral campaign. In a televised debate with challenger Jimmy Carter which left Ford advisers variously red- and white-faced. the incumbent president had claimed that neither Yugoslavs, Romanians nor Poles considered themselves dominated by the Soviet Union.

The recent Polish workers' struggle provided Ford with his opportunity to put the record straight during a weekend symposium in Tokyo to mark the twentieth anniversary of the U.S.-Japan Mutual Security.

Treaty.

"If I had been correctly interpreted," Ford said, "what was trying to say was, sure, the Russians had military control, but they didn't dominate the Polish spirit. I think what's happening in Poland today certainly shows that to be true." So now we know.

Trouble up Mili

Manchester industrialist Stephen Boler's second bid to acquire the outstanding share capital of Wharf Mill Furnishers, the company of which he is chairman and majority shareholder, will be made in less happy circumstances than the first. When Boler picked up a 64 per cent stake in the company from merchant bank Arbuthnot Latham Ethiopia's Red Sea coastline to last September, he was bound by the takeover code to bid for the rest, which he duly did—at 27p, the price he paid for his stake. The news that Boler, with an

acceptance.



"Most of them were from our accountants, I believe

The second bid, signalled by Boler on Friday with the shares suspended at 33p, comes after continuing losses and writedowns have eaten an embarrassingly large hole into the £533,000 of net worth on the company's books at its March 1979 year-end. The 1979 accounts showed a pre-tax loss of £162,000, following a 1978 loss of £79,000. with 1980 accounts to be published shortly.

Hard-luck stories, like the effect of harsh weather on Wharf's Pennine shops, have overlaid continuing re-jigging which has failed to provide a recipe for decent profits. His few months at the helm have convinced Boler that nothing short of a major re-vamp towards the economies of larger scale trading will rescue Wharf, and luckily he just happens to have a couple of suitable businesses up his capacious sleeves.

The first is the retailing side of Kitchen Queen, which he bought for £3.8m in May when the beleaguered group threw ballast overboard as profitability zoomed earthwards. The second is a chain of northern retail cribed as education by stealth outlets, Great Clowes, which he BBC 2 audiences are to be snapped up from GUS,

lems when he moved in last prone folk, the series involves year. But nonetheless, he tells a middle-class family in a old pilots have been set down, law. and now passengers not pre-

do things like rights issues, and time to contemplate whether to take Boler's offer, or hang on for the ride. For, with the announcement and suspension out of the way, Boler plans a holiday before getting down to the fine print. It may be quite some time, I fear, before he is free to take another one.

Old Bill

disembark.

"What is the Salvation Army doing in Slater Walker, shirtmaking, and private com-panies?" queried an imperious correspondent after reading my account of the recent activities of ex-SW director Ian Wasserman. I am happy to set the record straight by saying that Wasserman's calleague in SW days, now at Hilditch and Key. is of course Michael, not William, Booth.

Witness box pedagogic fervour of

Auntie knows no bounds. Not content with straight education programmes, documentaries, "faction" and imaginative reconstructions of political events. Overheard in a Whitehall she has now devised a new genre which can best be des-BBC 2 audiences are to be regaled with a new series en-Boler confesses that he "had titled Wainright's Law. An fair notice" of Wharf's prob- everyday story of litigation-

me that "things were somewhat plethora of legal problems, worse than I anticipated." And ranging from divorce and a so began the process of batten- disputed will to road accidents. ing down the hatches for a jour-redundancy, picketing, shopliftney into uncharted waters. The ing. adoption and the "sus'

On no fewer than three issues,

the AUEW, led by Sir John

Boyd and Mr. Terry Duffy, and

rassed or challenged the Gen-

eral Council-on Poland, on the

Isle of Grain dispute and on

State aid for secret ballots. The leader of the moderate

First, it was Mr. Basnett who

successfully moved at the General Council some months ago

that unions should refuse Gov-

ernment hand-outs for ballots.

The AUEW and EPTU voted

Second, Mr. Basnett's union,

the inter-union row over lagging

against him.

Starring the incomparable pared to sail are being asked to Joan Greenwood as a batty disembark. granny and Lyndon Brook as
There is, says Boler, little the family's solicitor the propoint in leaving Wharf public. gramme's message, hardly likely That status is, he argues, useful to endear it to lawyers, is: when to companies only with a sub- in doubt. don't litigate, be-stantial asset base. "We can't cause going to law is expensive, may not give the expected rethere is no general benefit for sult, and will probably benefit outside shareholders," he says.

Shareholders will have ample lesson learned by the hapless lesson learned by the hapless Wainrights is that it is better to go to the Citizens' Advice Bureau.

Fuel marks

Scouring the land for technological bandages to staunch the flow of precious hydrocarbons from the nation's petrol tanks, the U.S. Environmental Protection Agency has just concluded minute examination of more than 40 gadgets claimed to reduce motor car fuel consump-

They included petrol and oil additives, devices designed to add more air or water to the fuel mix, and thingummies said to improve the performance of the carburettor.

Only one made the grade and won the governmental seal of approval for providing a "statistically significant" improvement in a car's mileage per gallon. Dubbed the Pass Master, and yours for \$15, it cuts petrol consumption by 4 per cent by switching off the air conditioning while the car is accelerating.

idle chat

office: "Ive been watching that chap in the building opposite for over 30 minutes, and he hasn't done a stroke of work.'

Observer

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Ban

The existence of a great many UK citizens who do not use a bank is likely to prove one mainspring for developments in the banking industry during this decade. Other opportunities are expected to present themselves in the field of corporate finance and in the application of electronics technology.

Fresh d to devolve bene vistas in many of the ish companies 7 of ideas will occ for this decade

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multi-union

By Michael Lafferty Banking Correspondent

UK BANKS are at the begins of a decade which seems co to bring major changes in the domestic market been Nowhere are these characters likely to be greater than in the area of retail banking where greater competition and extensive use of plastic card tech-nology may welk revolutionise a business which has changed little since the war-

In the area of corporate banking, the country's main com-mercial banks, the clearers may find themselves forced to adapt to a situation in which stry's dependence on banks could be drastically reduced should the debenture market open up. Payment of corporation tax should also hecome a reality for the banks as the demand for leasing finance tails

chances are that the clearers Unbanked will recognise more and more that they are dealing with three different customer groups— large companies, small companies, and individuals. Each houses, many owned by the of these has distinctly different clearers, credit sale facilities, needs, with the result that the and money-lenders of varying old idea of the general-purpose branch should go by the board. The implications for existing bank staff and recruitment are therefore considerable.

Miday September 1 1980

One former clearing banker who is now a senior executive with one of the new-style retail banks said recently that of the three customer audiences the average branch manager and his staff are over-qualified to deal with the retail customer. He reckoned they were under-qualified for the large corporate husiness, and probably just about geared to handle the requirements of small busi-

The statement has an element of exaggeration but seems fit in with a weekly budget basically sound. Few senior UK The clearers know they are clearing bankers starting from scratch, would design an ideal banking lorganisation in the way these institutions have evolved. It is in recognition of this reality that Midland Bank, for example, has embarked upon a truly massive reorganisation of its domestic banking

Developments in the retail banking field over the eighties will need to be seen against an increasing determination on the part of the clearers to penetrate the UK's unusually large un-banked population. To a large extent what has come to be known as the Great British

consists of nation's weekly paid workers. So far the borrowing needs of this very important sector of society have been met by finance degrees of respectability.

For the most part, however, Britain's weekly wage earners appear to exist in a cash conomy. For them the average clearing bank branch at present has little relevance. Typically bank staff come from a socio-economic group slightly higher up the scale, while bank opening hours in any case very often make it impossible for people to gain access outside factory working hours.

In any case the clearers' virtually uniform services, centred around the current account and a cheque book which is useless without a cheque guarantee card, do not

going to have to change their

image and their services if they

are to attract the unbanked. In one of the first manifestations of this Midland Bank recently became the first of the clearers to run a-Press and TV advertising campaign aimed specifically at weekly wage earners. So far, however, the bank has not come with any immediate new facilties to attract this new audience. Branch opening times remain the same, and the curway people can gain access to the money transmission system. The clearers are taking an in-

time as they are launching a challenge against the country's building societies, which have traditionally been the main pro-viders of home loans in the UK. Their attack is coming on the two aspects of the societies' business. Banks have recently launched a series of savings accounts which are designed to compete with those on offer by the building societies. At the same time most of the clearers have launched their own mortgage schemes.

The building societies are at present more worried about the attraction of the clearers' savings accounts than their entry into the mortgage market. So far the societies have shown no noticeable response, but the chances are that in the decade ahead they will be forced to become more wide-ranging participants in the U.K. retail banking market. It would not be difficult for the building society movement to set up its own money transmission system (alternatively, it could seek acress to that of the clearer's) and then to offer cheque and plastic card facilities similar to -or more imaginative than-those already on offer from the

Involvement of the building societies in the retail market in this way would be good news for bank customers. It would provide a substantial measure of competition for the clearers in rent account remains the only a market which has often seemed all to cosy up to now. The 1980s will also see the TSBs participating in the retail terest in the unbanked weekly banking field on a considerable

scale. Within a matter of a few years these related institutions have been converted from vehicles of Government funding to an increasingly integrated national bank offering a wide range of services. The plan to purchase UDT's main HP busines should bring the TSBs a considerable measure of market as well as on-going

The decade should also see considerable foreign-mainly U.S.-bank involvement in the UK retail market. But by the turn of the next decade whether any of these new banks will be of a size comparable to the main clearers, unless foreign takeovers of British banks and a disentangling of shareholding structures which bind the Scottish clearers and Yorksire Bank to the Big Four are permitted.

At this stage, therefore, all the indications are that it will be the TSBs and the building societies which stand to make life most difficult for the What about National Giro and

of these institutions is a serious competitor for the Big Four, In the case of Giro there are, so far, few indications that it can become the natural home for the unbanked. It suffers from having to operate through usually drab post offices, and generally lacks customer interface. Given the necessary commitment, however, few retail bankers would say it could not

FRANCE W.GERMANY NETHERLANDS CANADA 90%+% ITALY less than 50% 🔮 SPAIN less than 50% Percentage of Adult Population **ENGLAND and WALES 1976** Occupation Percentage banked SELF EMPLOYED 1.5 MANAGERS SUPERVISORY APPRENTICE/FAMILY WORKER 0.6 OTHER MANUAL OTHER NON-MANUAL

WHO HAS CURRENT ACCOUNTS

MARKET PENETRATION

see the clearers offering to pay interest on current account balances. There must be a limit to how long bank customers will on giving away money to the banks for no apparent benefit. This will help to smooth out clearing bank profits in a way which has nothing to do with accounting entries, and thereby remove the political embarrassment of the clearers having to report domestic profit increases of between 70 and 90 per cent, as happened at the end of 1979.

ALL OTHER

On the corporate side the the Co-op? At present neither clearers will come under increasing pressure from corporate customers to improve the calibre of their staff. They will need to put up more people with ability equalling that of the finance directors, chief accountants. treasurers and solicitors on the customer side. This must imply a gradual erosion of the old—but still dominant notion—that a clear-ing banker employed at the age of 17 and trained in the same

similar background can do anything. Within e clearers there accountants in the finance function, and lawyers will man the legal departments.

By the turn of the next decade the chances are that the Bank of England will have taken on new functions. As a result of the 1979 Banking Act it is now charged with the supervision of all UK banking institutions. This may well lead to it becoming far more of a public interest body than it is now. In ten years time it may no longer be publicly acceptable for the bank to be seen to a great extent as the friend, confident and defender of the banking community.

One way in which the Bankor others-will certainly act is in the area of bank accountability. At the present time the accounts of most British banks have little or no usefulness, and several senior merchant bankers even claim that this is a situation encouraged by the Bank of England.

Challenges for the Clearers II Regulatory Arm

CONTENTS

Money Transfer Щ Exchange Freedom Industry's Dependence IV What Industry Wants VI' Equity Finance VIII. Merchant Banks VIII Financial Musele X Foreign Banks IX Discount Houses Retail Sectors Outside the Main Lines UK and Ireland Offshoots from Pakistan XII The American Contingent XIII

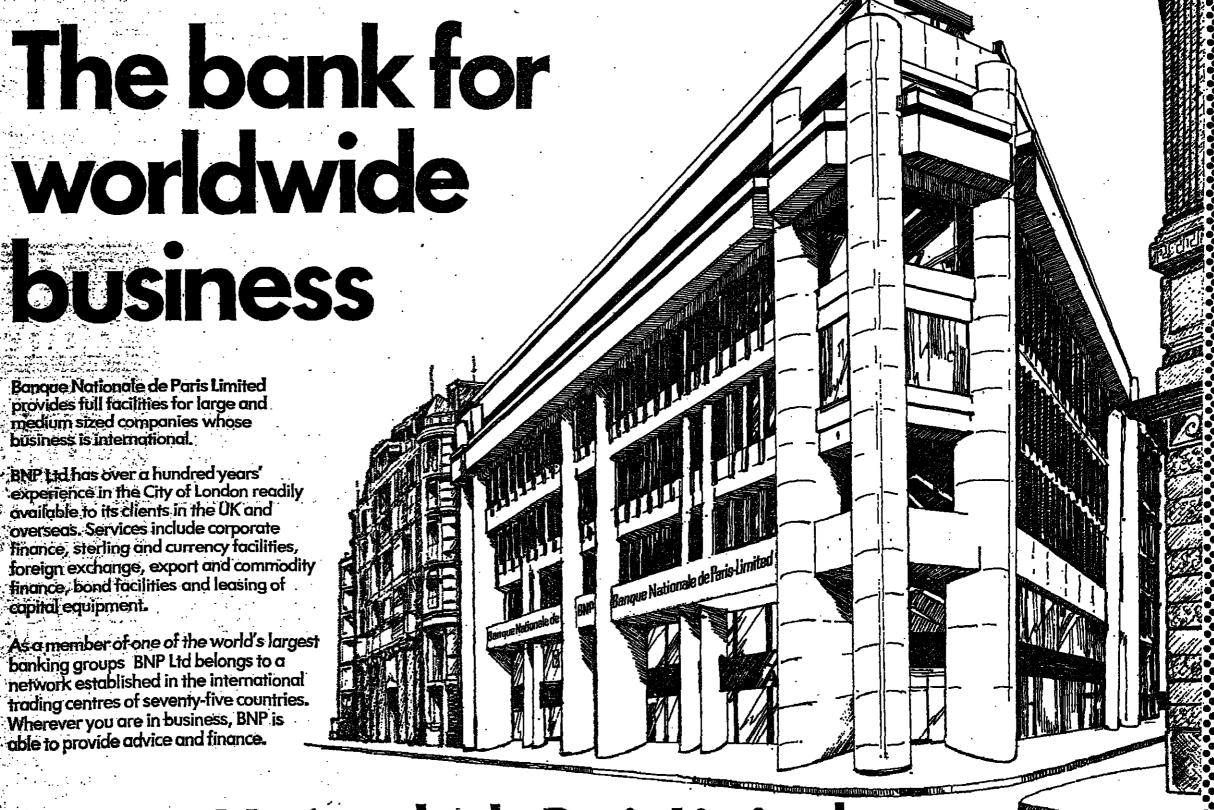
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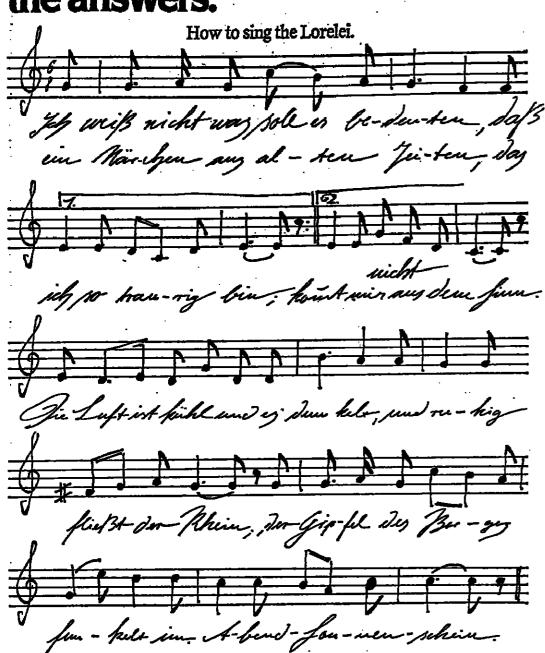


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Challenges for the clearers

Act there is now a more or less comprehensive list of all the banking institutions carry-ing on a deposit-taking business in the UK. The Act provides a two-tier licensing system, with separate status for "recognised banks " and " licensed de-posit-takers." At the time of writing the Bank of England has classified 277 institutions in the first of these conserved. the first of these categories, while a further 186 have been granted a second status; a further 132 institutions await

classification.

But the Banking Act listings provide only a crude starting point for a description of the structure of British banking. The lists do not cover the National Girobank, the Trustee Savings Banks (TSBs) or the possible to draw any standard conclusion from the fact that an institution has been classi-fied as a licensed deposit-taker rather than a recognised bank. To achieve the recognised bank rank an institution is required to provide a wide range of banking services and enjoy a high reputation in the banking community. The point is that reputation alone does not gain entry to the top category.

Significant

The London and Scottish clearing " banks—the UK's main commercial banks—form the most significant group within the recognised list. The London clearers include the Big Four"—Barclays, National Westminster, Midland and Lloyds—as well as Williams and Glyn's, which is part of the Royal Bank of Scotland group. panies.

There are three Scottish clearing banks—Royal Bank of Scotland, Bank of Scotland and Clydesdale Bank—and each has close links with one of the London clearers. Barclays Bank owns 35 per cent of the equity of Bank of Scotland, Midland owns Clydesdale, and Royal Bank, as already mentioned, is sister bank of Williams and Glyn's. Yorkshire Bank is another bank which falls conveniently into this group. Today it is owned by a number of the

(personal) and extending into investment bank-ing activities which have so is banked—for the most part long been the reserve of the London accepting houses.

Much of their business is conducted through extensive branch networks, and they run their own money transmission service. Until recently bank branches were run on the basis that they could provide all customers with a comprehensive are realised. These involve a service. This has now given way to a move to separate large corporate business away from the traditional branches into regional centres, leaving the become retail branches to

In many respects the clearers have become universal banks, though individual activities are far from integrated. Seperata subsidiaries carry on leasing and HP business, investment banking, credit card operations and

The investment, or merchant banking, subsidiaries have different origins in the case of each of the 'Big Four." Midlani Bank owns Samuel Montagu, 3 traditional accepting house; both Barclays and NatWest have developed their own businesses from scratch and these offshoots -Barclays Merchant Bank and County Bank respectively names frequently heard in the market place. Through them th clearers are prepared to tak equity stakes in industrial an commercial companies. In add tion the Midland group has separate equity investment ar for taking stakes in small con

If the universal-type clearing banks are regarded as the prin cipal participants in UK ban ing, their competitors in each :: their major areas of operation may be conveniently classified.

In the business of retail, o personal banking the compet tion extends from the TSBs, the Co-operative Bank, Nationa Giro and the building societies to a growing number of Nort American institutions which ac beginning to get a foothold u the UK market.

background to Today all these banks offer a market place is a vast unbanke wide range of banking services, adult population—between 4

THANKS TO the 1979 Banking spanning both the retail and 50 per cent of UK adults do corporate not have bank current accounts. and increasingly The clearing banks dominate the middle and upper classes.

Keorganisation

The TSBs-a sort of co-operative grouping of 17 regional savings banks—could well provide the clearers with their first serious competition in retail banking if reorganisation plans complete re-orientation of the TSBs from being no more than a deposit-collecting service for the Treasury into full-scale retail banks. Their personal retail banks. banking services are now more or less as extensive as those of the clearers, and the proposed acquisition of the HP business of United Dominions Trust pro-

vides the TSBs with a very useful base to build on.
Because of its historical association with the UK savings movement the TSB has a natural advantage in dealing with the semi-skilled and unskilled workers who do not yet have bank accounts. Equally well

placed ought to be the Co-op Bank and National Giro.

The Co-op Bank is beginning to resemble the clearers in the range of its services, but for the most part it is a personal bank. It has the great advantage of having convenient outlets in almost all co-op stores throughout the country. In a similar way National Giro uses post

offices as its outlets. While institutions like the TSBs, the Co-op Bank and National Giro provide lending. deposit and money transmission services, the country's building societies operate in a more restricted area. They are the largest gatherers of deposits in London merchant banks. Th the country, and all their lend-

America: These are the most finance advice work, and the recent entrants to the market. have fund management ope They fall into two groups. Some, like Citibank Trust, Western Trust and Savings and Boston Benson, Morgan Grenfell, 1 Trust, are bank-owned, while Samuel, the others-bearing names like HFC Trust, Avco, and Associates Capital Corporation-are

owned by non-bank compan in the US.

While foreign banks have to make much of an impress in the UK retail market, 1 same is not true in the corpor field. Foreign banks alree account for around 30 per a of lending to British manus turing industry. Here the m business is done by the big L banks, but the Germans Japanese are also signific

participants. Turning to merchant banks the picture is significan different. Here the lead names are the City's accept or the traditio houses, activities vary considerably, all the leading names of The final category in the field of retail banking includes about 10 institutions from North are involved in corpor tions. Among the larger how are names like

Michael Laffer

MAIN PARTICIPANTS IN THE UK RETAIL BANKING MARKETPLACE TABLE OF OUTLETS OF UK FINANCIAL INSTITUTIONS

£3	LONDON CLEARERS	
hе	National Westminster Group	370
hE		.014
ķė		705
nd	Lloyds 2	311
li-	Williams and Glyn's	320
8		
13	SCOTTISH CLEARERS	
11-	Royal Bank of Scotland	606
	Bank of Scotland	567
ηg	Clydesdale	376
π-	OTHER DOMESTIC INSTITUTIONS	٠.
k-	Trustee Savings Banks 1	,661
эĒ	Co-operative Bank (plus 3,978	•-,
13	cash-a-cheque facilities	880
	. 1 271 22	OW1
rΤ	Post Office/National Girobank 21,056	Sub
į	Yorkshire Bank	194
ıe	Standard Chartered	17
ai .		.147
25	DOMESTIC FINANCE HOUSES	
th.	(parents in brackets)	
C3	Lombard North Central (NatWest)	122
חי	Mercantile Credit (Barclays)	106
	Bownaker (CT Bowring)	100
is		98 100
d.	Chartered Trust (Standard Chartered)	30
10	Lloyds and Scottish (Lloyds and	00
- ,	Royal Bank of Scotland)	96
	Forward Trust (Midland) United Dominions Trust	92
į	(to be acquired by TSB's)	85
i		75
	North West Securities (Bank of Scotland)	75

FC Finance (Co-op Bank) Yorkshire Bank Finance NORTH AMERICAN-OWNED INSTITUTIO Gitibank Trust (Citibank) Boston Trust (First National Bank of Boston) Western Trust and Savings (Royal Bank of Canada) Security Pacific BankAmerica Finance (Bank of America) Non-Bank-Owned:

Avco/Red Dragon Securities Beneficial/Security Trust Associates Capital Corporation Commercial Credit OTHER FOREIGN BANKING INSTITUTIO! Bank of Credit and Commerce International United Bank

Muslim Commercial Habih Bank Bank of Ireland Bank of Ireland plus the British Credit Trust finance house Bank of Baroda National Bank of Pakistan

Bank of India

Source: Noel Alexander Associates, Lond and F.T. sources.

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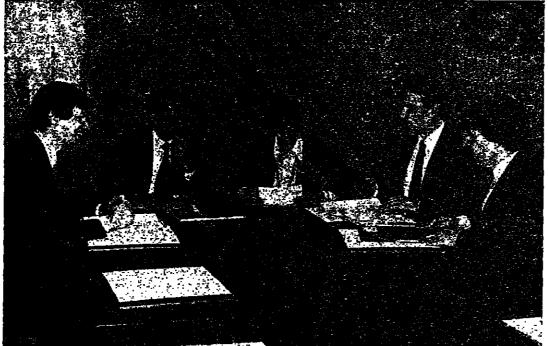
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المكنامل المتحمل

The regulatory arm and its scope

October I last year. In that with rank and status. Such is is non-banking liabilities time the dust has still not the vanity of the banking pro-settled, although the shape of fession that the publication of the requirement ranges from British banking in the 1980s is each new list was awaited with five per cent for deposits t slowly emerging through the

First National Finance Corporation

Passage of the Act has already visibly tightened the Bank of England's regulatory grip on the banking system. In this respect British banks are hardly In this in a different situation from counterparts abroad. Regulation became a vogue word around the world in the late 1970s. In Britain its creeping progress was no doubt hastened by the fringe banking crisis earlier in the decade but such a development also bears the stamp of international

A financial system which witnessed the spectacular collapse of Germany's Herstatt Bank in 1974 and which more recently has been left be-wildered and perplexed by its vulnerability to massive flows of homeless international money simply cannot escape the attention of regulatory authorities. For the latter it has become something simply too dangerous to be left alone.

Functioning

The main problem for the regulators lies, however, in devising controls that will guarantee the safety of banking without impairing its smooth functioning. This is the ques-tion that has to be asked about the UK Banking Act in all its ramifications. As yet the answer is still uncertain.

Thus far the most obvious and probably the best chronicled —impact of the Act has been the establishment of the bureaucratic framework under which the tighter regulations will operate. The Act provides for a two-tier system under which financial institutions are classified either as banks or simply as licensed deposit takers.

Recognition as a bank is granted to institutions meeting certain criteria relating to reputation and the provision of a wide range of banking services or a highly specialised banking service. Recognition as a licensed deposit-taker, by contrast, is granted to institutions which are deemed as being competently and prudently managed. Although both categories under term of the Act are obliged to contribute to a new deposit protection scheme, only recognised banks are in principle allowed to use the word bank" in their title.

This was a bitter pill for in-

NEARLY A year has passed stitutions in the deposit-takers notice. For these the proposince the entry into force of category to swallow. Inevitably liquidity requirement is 25 p the new UK Banking Act on thetwo-tier system was asociated eager, od as the case may be

> This kind of ratings game reached such a fever pitch that the Governor of the Bank of England felt impelled to intervene. In a speech to bankers during the summer he suggested that the division of institutions into two categories was one of function rather than status. He said he would regard the market as lacking in professional expertise if it insisted on treating deposit-takers as inferior organisations.

The argument about status was thus misplaced, even if it was inescapable with the introduction of any two-tier system. Doubtless institutions will learn to live with their status and in practical terms the two-tier system in itself may not do all that much to alter the face of British banking. What follows on from it is far more important, however, and here the changes could be very far-reach-ing indeed.

Nowhere is this more the case than with the Bank of England's new proposals for liquidity. The main point at issue is an attempt by the Bank to get round the inherent weakness of liquidity requirements as they have been traditionally handled.

The traditional way of looking at a bank's liquidity situation has been to calculate the level of its cash and readily realisable assets as a proportion of its deposits. Recently such an assessment has come to be regarded as crude because it pays too little attention to maturity transformation.

A bank may appear to have an adequate store of liquidity to cover the gross amount of its deposits, while at the same time mismatching its assets and liabilities in such a way as to incur serious potential problems of repaying its borrowings. The new liquidity proposals attempt to tackle this head on. In essence they take a fresh look

at the ancient banking pitfall of borrowing short to lend long.

Under the liquidity proposals the Bank of England distinguishes between three types of deposit. The first, called maturity processing deposits, territy includes uncertain account deposits and deposit accounts repayable at short

cent. A second type of depoieager, od as the case may be ceeding one year to 90 per ce fearmul, anticipation to see just for deposits of up to eight day who would land a position on The third type are gross monthe coveted senior list and who market deposits. Here a contr would have to put up with what versial requirement is propose the market felt was second ebst. that interbank deposits of 1 to one month must have 100 p cent cover.

This is a major sticking poi in the proposals. Not st prisingly, criticism w immediately raised that U proposals tended to favour il clearing banks. They have access to large amounts. customer deposits which be the lowest liquidity requir ments. By contrast, band engaged in wholesale busine rely heavily on the mon markets for funds and wou be put at a strong disadvantar by the proposals.

Traditional

Indeed liquidity requiremen as strict as these would make it very difficult for banks conduct business in some trac tional international areas suc as Eurocredits. Were the introduced as a formal regul tion some banks might find necessary to move elsewherean occurrence which wou! damage the City's standing international

There are some indication protests such as the taken to heart by th Bank of England. Withou actually back-tracking, it begato suggest that they wer intended to stimulate debat The Governor, Mr. Richardso told bankers that the question of safety in banking had bee too little discussed. Mr. Pett. Cooke, head of the Bank, Supervisory Department, tol bankers in May that the proposals could be used as means for monitoring liquidit rather than controlling it.

So the debate continue arousing much more passio than the proposals on capiti-adequacy and foreign exchang exposure which preceded the Bank's paper on liquidity. Th banks, on the whole, are set suspicious, for they regard the proposals as an inexorable ste towards greater regulation. Fo its part the Bank of Englad will doubtless modify its initia proposals, but it has to dra the line somewhere and at the moment the pencil is str

Peter Montagnor

ntember 1 1980

Speeding the money transfer

non-bank of IT. IS now well established always been the cheque, which individual banks, nearly 20 per customers but also by all holders tunities. Taking away some of pairs of the drudgery of money transformations. is not true in the control of all money transactions in the UK retail have are almost without system is owned and operated by using cash in the remaining 5 per cent of all non-cash payments. Although the cheque clearing banks, which exception settled by using cash in the remaining 5 per cent of all non-cash payments. Although the cheque clearing banks, which exception settled by using cash in the remaining 5 per cent of the automated clearing hanks, which account for 90 per cent of the volume, other banks and financial institutions. So that involve the clearing banks are intermediation of banks and institutions can get their cheques cleared via agency in the German method, cash payments for keipants.

So amail amounts are quick in the UK are prepared to offer functional institutions are prepared to offer functional institutions.

Noreover, the clearing banks in the world to instal cash dispensers and British banks are still among the most enthusiant the proving the proving the court of all non-cash payments are paperless.

Counterspect customers but a cent of all non-cash payments are paperless.

The two years before the establishment of the automated clearing house saw the introduction of cash dispensers and credit cards, both of which are now maturing as key elements in the future of money transactions in the future of money transactions of credit cards, both of which are now maturing as key elements in the future of money transactions of credit cards, both of which are now maturing as key elements in the future of money transactions of credit cards, both of which are customers the clearing banks are paperless.

Noreover, the clearing banks are pay

Picture is show and predominance of picture is shown as the property of the picture is shown as the pi picture is efficiency and predominance of cent. Here the cash payments help to explain the search the life quite well without a bank interest to the cash account and why progress the leading towards the much-heralded the leading the cashless society has been solved. islised corporate virtually non existent.

involved in Despite its small share of the involved in number of payments, non-cash ice advice work or number of payments, non-cash fund managem at money transmission is probably Among the larger cent of the value of all transson, Morgan Grenia the greatest importance that
oders,

Michael Larger cent of the value of all transson, Morgan Grenia the greatest importance that
this should be done as efficiently as possible. The UK is
respect, as our money respect, as our money transmission system compares extremely well with what is G MARKETPLIC For this desirable state of affairs the clearing banks deserve most of the credit as the money transmission system

has been, and still is, dominated

INCOUNTED INSTITUTE the considerable burden of t .(Citibank) operating the national cash distribution system and thus (First National Bank provide the infrastructure for t and Savings settling virtually every transaction carried out in the k of Canada) UK. The ability of the clearers to bring in new procedures and techniques more rapidly thanbanks in other countries can be attributed to their strong position and small numbers, agon Securities which enhance their ability to pital Corporation reach agreement and take

Almost a year later, it seems

which have helped to hold

More important perhaps was

Corrency

last October. oFr the clearers,

of British companies were severely circumscribed by

exchange controls but now have

complete freedom to hedge and

match positions as they choose.

forward business done on the

foreign exchange market has

since last autumn. Companies

have in particular been taking

eover against contingent liabili-

This growth has occurred

despite the fact that other

customers have been unwinding

under exchange controls.

Clearing House itself to suitably qualified candidates. The Cooperative Bank and the Central on-line dispensers in the world, free credit. Trustee Savings Bank have The more flexible autotellers, recently taken advantage of which provide other services in . Explosion. this opportunity and National Girobank will probably join now replacing the first generasoon, but others have chosen to continue with agency arrange- increasingly have an impact on

As well as ordinary cheque clearing, the Clearing House operates both the credit clearng and the town clearing. The ing and the town clearing. The latter is limited to cheques of £10,000 or more which are Barclays and the Trustee drawn on and paid in at about Savings Banks, while Access 100 branches within a few minutes' walk of the Clearing House. Town clearing cheques are exchanged and settled on the banks. With over 100m transactions last year credit cards day they are paid in, a service which is probably unrivalled anywhere in the world, and they represent about 90 per cent of the value of all cheques, al-though only a fraction of 1 per cent by volume.

Forefront

The clearing banks, urged on retailer. by the need to contain costs. have been in the forefront of several EFT experiments at technological developments. In retailers but most, if not all, 1968 they established what was have ended in failure. In the UK automated clearing noises for major co-operative experiment in electronic funds transfer is ments on magnetic tapes. now in some doubt, but Barclays Bankers Automated Clearing has quietly introduced Counter-Services is today probably the world's largest, processing an EFT scheme—at seven garages annual total of about 400m in Norwich. This facility, which redit effective action. and automated credit transfers. speed up transactions when all BANKING INSTITE money transmission system has orders processed internally by Barclays' own card-carrying

establishment of the automated tunity to use debit cards for clearing house saw the introduc- retail transactions. If a Barclays account for 90 per cent of the tion of cash dispensers and customer uses his Barclaybank plans for attracting savings volume, other banks and finan- credit cards, both of which are card it is a debit card accessing cial institutions can get their now maturing as key elements a current account: if he uses cheques cleared via agency in the future of money trans- his Barelaycard it is a credit agreements.

Moreover, the clearing banks in the world to instal cash dis- of credit. The significance of pensers and British banks are debit cards is that they call into still among the most enthusi- question the well-established astic proponents, with Lloyds link between card transactions having the largest network of and the provision of interestaddition to dispensing cash, are tion of dispensers and these will

> Bank credit cards were imported from America and developments in the UK closely follow the American pattern. already play a significant role in money transmission, but this is nothing compared to their potential in the exciting field of electronic funds transfer (EFT) at the point of sale, which will use cards to effect an instantaneous transaction debiting the purchaser and crediting the

money transmission.

In the U.S. there have been one of the world's very first the clearing banks' scheme for a ing at home a reality. automated clearing houses for major co-operative experiment standing orders, direct debits certainly does considerably

Counterspeed offers British mission The two years before the customers their first oppor-

Explosive

in future the distinction between clearing banks and between Visa banks and Master-

There is no reason, in theory at least, why a building society debit cards and thus at a stroke tions last year credit cards gain a useful source of income and provide its customers with a widely accepted method of paying for retail purchases. Similarly, by joining one of the two bank card networks, even comparatively small banks with no branches will be able to gain access to cash dispensers, electronic funds transfer systems, etc. Another development which may undermine the advantages of a large branch network is the Post Office's Prestel system which may one day make bank-

> Although technical vations are creating opportunities for American banks, building societies, the National Girobank and perhaps even retailers to compete more effectively against the clearing well for the past hundred years. banks, they do also give the clearing banks significant oppor-

the drudgery of money transbranches will improve staff morale and release capacity to carry out the banks' ambitious deposits and providing house mortgage loans. Card-based accounts especially offer perhaps the best hope of attracting and accommodating the business of the significant proportion of the population which

does not yet have any sort of

Only one institution, the National Girobank, has attempted to do more than follow where the clearing banks have The explosive growth of led in money transmission. Set plastic cards is already starting up with the intention of emulat-to alter the established relationing the success of the Continento alter the established relationing the success of the Continen-ships in money transmission. It tal postal giros, Girobank has is no exaggeration to say that never really caught on in our cheque-based society. To be any use to customers Girobank has had to interface itself with the non-clearing banks may well be had to interface itself with the less important than that clearing banks' systems and provide cheques as well as gird transfers. In fact, one can argue that all Girobank has achieved is to introduce its own non-standard method of handling internal credit transfers: any other bank could do the same

> All in all, the clearing banks seem likely to continue to set the pace in money transmission for the foreseeable future.

if it chose.

The Wilson Committee rather feebly recommended that the become more closely involved in regulating admission to the Clearing House, in order to avoid any suspicion that the clearing banks might be mis-using their dominant position. While this sounds innocuous enough, it would be a pity if Government involvement and banks, increased membership had the effect of stifling initiative and emasculating a system which

By a Correspondent



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The early days of exchange freedom

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and go as they pleased and ce. For these the s British banks could look forudity requirement it nile major ties in difficult to realise what all the requirement man fuss was about. If there has per cent for the been a revolution, it was a quiet ting one year to 94 ; one. This is in part attributable deposits of up to the strength of sterling, third type are too: sial requirement of money within the UK and has ket deposits Here to

interbank deposits deterred foreigners from com-interbank deposits ing to borrow funds in London me month must have his is a major said the fact that exchange controls could often be circumvented with (and accordance). criticism Bank of England clearance. For a major company with extensive - sed 🖆 foreign interests, the impact has been noticed but it has not been ring banks. dramatic. Furthermore, the process of

emancipation was not complete until the banks were free of corset restrictions. As one banker put it: "The ending of exchange controls may have heavily or the been the crucial breakthrough the proposals. for our customers but for us the central issue was the corset." **Fraditional**

strict as these well inci prismess is an some same mili Wester to more six Occurrence waith

profess seed

the forward positions which they had established up to the end of last year, preferring to hedge their receivables against foreign currency overdrafts or term loans. Many British customers took the return further.

advantage of their new freedom The equity marke funding which had previously been carried out abroad. The wards :

Chancellor of the Exchequer, The main impression is that reasons for the listing the Sir Geoffrey Howe, on banks have been adjusting the freedom to raise money on the October 23 last year, it seemed from Tory Party pronouncements that a new era had dawned. After 40 years of funding arrangements for their customers rather than generating a substantial new volume of foreign-related business. At the same time, they have been being cosseted behind foreign exchange restrictions, British obliged to widen the range of investors were free to come services offered in order to compete with foreign banks long familiar with the intricacies of ward to a transformation of international financing. their foreign-related business:

existing exchange advisory services have been extended, for example, and booklets have been issued to local branch managers advising them of the specialist facilities on offer. Head office teams are on hand to help branch management with complications such as double taxation agreements. Overseas portfolio investment is another area in which the clearers have had to broaden their expertise.

The new environment has involved the clearers in a rapid and intensive education drive to get the message across both to their own managers and to smaller corporate clients. The clearers have always rejected charges that they hid behind the shield of exchange controls but one banker conceded that there was a time when managers had their green exchange control bibles and did not have to go beyond that"

In terms of overall operations, the lifting of controls has had more significance for the merchant banks, which greeted the move with almost hysterical None the less, banws have seen significant changes since enthusiasm. They were well placed to service the flock of foreign borrowers which were expected in London. In hindmain impact has been in sight the results have been foreign exchange rooms. The foreign currency operations mixed.

The foreign sterling bond market has got off to a slightly creaking start with a £75m issue from the Kingdom of Denmark; Scandinavian Bank set another ball rolling with the first Euro-Sterling floating rate note issue. But neither has so far found. The clearing bank estimates that as a result the amount of many imitators. Borrowers are daunted both by the high level increased by about a quarter of sterling interest rates and the exchange rate risk

The banks remain optimistic that London will draw an increasing number of foreign ties, which was not possible borrowers and also hold out the hope that British companies will develop a corporate bond market. The management fees and commissions which would be available to them are highly attractive and they are seeking to place bonds directly with institutions, rather than through brokers, which would increase

The equity market has proved to repay or refinance foreign a much happier hunting ground, borrowings. In many cases as foreign companies have foreign currency borrowings come in droves to list their with banks in the UK replaced shares in London, and periodically to raise money at the same time. One Dutch company. finance director of a medium. Vitatron, even listed its shares sized British company will in London before seeking a generally find it more conveni- listing in Amsterdam. A ent to have his borrowings welcome sign for the banks is concentrated in the UK rather that some companies, such as

WHEN the lifting of exchange spread among a variety of United Energy Resources of the controls was announced by the banks across the world.

U.S., have cited as one of their

The merchant banks have also been intensifying their involve ment in international invest-Green of Hill Samuel says that clients coming to London are more often looking for an institution to manage the whole of their overseas portfolio than for an advisor on the UK. The accepting houses had been active in this field before the end of exchange controls, particularly when the investment premium was low, but the Chancellor's decision has made the process simpler.

Similarly, there have been advantages in the handling of investment domestic clients. Recent figures suggest that UK institutions have stepped up their foreign portfolio investment and the merchant banks will have shared in this business. Equally important, however, is the fact that institutions can now deal more cheaply and more easily on foreign markets.

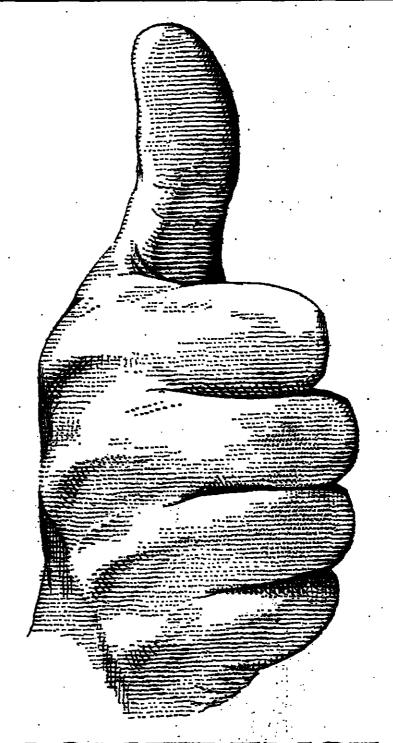
Garnering

While the merchant banks have been garnering new busi-ness as a result of last October's decision, they may have seen some slight fall in revenues other quarters. exchange controls were in force, they advised clients extensively on ways of using the premium and were ready to charge for the service by topping up commissions. They argue, however, that service was never seen money-making venture.

More important is the threat which all the banks must now meet from foreign competition American banks, for example, have a long tradition of arranging cash and portfolio manage ment for their clients and they are actively courting the UK They are also in a position to advise on such specialist areas as expert redits and overseas taxation, utilising an extensive foreign branct network. Foreign securities houses are also providing stiff competition for local banks, pushing their expertise in foreign markets.

Foreign competition nothing new to UK banks, however, and they are already equipping themselves for other areas of specialist financing opened up by exchange controls. Japanese companies, for example, are coming to London to issue sterling paper con vertible into yen equity. The opening up of a financial futures market in London may not be far away. The period of exchange freedom has not protransformation in British banking, but the implications of such a decision are

not to be measured over a year. John Makinson



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Industry's heavy degree of dependence

DURING THE last major recession in 1974 and 1975 it was the property and construction sector that caused the banks the biggest headaches. Collapsing property values undermined the security that backed an enormous volume of lending, and it took years for the banks and the property industry: to extricate themselves

from the mess. In the current economic setback, however, the major banks are looking anxiously at a different source of actual and potential trouble. This time, largely because of the high level of sterling caused by Britain's North Sea wealth, it is manufacturing industry that is in the firing line. At the time of their half-year results this summer the big clearing banks were trebling and quadrupling their provisions against bad and doubtful debts. For the period of financial strain has come at a time when industry is much more dependent on the banks than at any other period

in recent history. Twenty years ago, for instance, the industrial and commercial company sector had very little net debt at all, and a good part of such borrowings were in the form of long-term debentures and loan stocks. In the early 1960s the company sector's liquid assets were normally larger than its aggregate advances from the banks. In 1963, for example, bank advances were on average £2.8bn but the sector's liquid assets totalled £3.5bn.

Highlight

Such aggregate figures do, of course, tend to disguise variations form one company to another. But they serve to highlight the fact that the traditional overdraft finance which represented the overwhelming proportion of bank credit to industry at that time was strictly a fluctuating and seasonal form of lending.

For longer term finance comalso to equity issues and to long-term borrowing from out-side the banking system. Until about 10 years ago the UK still operations in the U.S. had a comparatively active

CORPORATE FINANCE

On this and the following two pages a series of articles discuss the role of the banks and other institutions in the provision of funds to industry—a sector likely to see some major changes of pattern in the coming years.

unwilling to commit themselves to very high coupon rates which can only be economical to ser-vice on the decidedly risky assumption that inflation will continue for many years at a high rate. At the same time the level of profit earned in real terms by industry has dropped sharply, increasing the demand for external finance.

This has presented a tremendous opportunity for new business for the banking system which it has eagerly accepted, although substantial changes in methods of operation have been required. By 1979 average bank advances to the industrial and commercial company sector were £28.6bn, although in real terms the most rapid period of expansion of industrial borrowing was in the years 1972 to

The most important adapta tion by the banks was their willingness to shift much of their lending into a medium-term form. They had an incentive to do this, for higher rates could charged on the term loans, but at the same time there were prudential restrictions given that the vast bulk of clearing bank deposits are very shortterm in nature. There is thus a risk in building up too

Historically, the clearing banks found that in many cases ovedraft credit was no longer fluctuating-and at some periods of the year disappearing-but was assuming more of a hard core nature. At the same time certain American banks were panies looked elsewhere— becoming active in developing mainly to retained profits, but term loans to prime corporate becoming active in developing customers, an area in which they had already developed considerable expertise in domestic

illiquid a loan book.

After the 1974 financial crisis primary market in corporate company finance directors were to purchasers of capital equiplooking for ways to lengthen

The London clearing banks told the Wilson Committee that by the end of 1977 medium-term lending accounted for 42 per cent of all their domestic advances other than to the personal sector, and as much as 50 per cent including loans under the export finance scheme.

Flexible

The banks have also adapted to industry's requirements by developing much more flexible financing packages, and by ex-tending the range of services they can handle. Their eagerness to innovate has, however, varied with the times. In the comparatively slack period for lending in 1977 and 1978 there was a great deal of competition for new lending business. But for the two years up to June this year the banks were under severe pressure to stay within the Bank of England's "corset" limits, and in any case involuntary bank borrowing by industry has been on a large scale. In recent months, therefore, the banks have been a good deal less eager to stimulate new lending.

However, the banks have continued to promote their activities in the field of leasing. very rapidly growing form of finance. For companies it has the advantage of being off the balance sheet (though there are moves within the accounting profession to make lease commitments more visible) and it is a flexible form of credit, though tending to be rather

A key factor from the banks' point of view is that leasing gives them a chance to take advantage of the tax concessions, in the form of capital allowances, which are available ment. Many manufacturing has radically changed the whole only willing to contemplate are not generating sufficient pattern of company financing, floating rate credit. This was the profits to absorb the capital died, as companies have been rapidly filled.

business, and it therefore makes sense for the tax benefits to be shared through this particular form of intermediation by the banking system.

All these various changes in the traditional relationship betwene the banks and industry now face a severe test as profits and output in many sectors but especially manufacturing are squeezed severely. Industry has continued to borrow heavily. and many companies will be anxious to see how their bankers react when the financial pressures grow serious.

Thus many companies have signed term loan agreements which contain performance clauses linked to factors like interest cover and debt/equity. ratios. The recent wave of property revaluations by industrial companies has been evidence of the precautions being taken by finance directors, cosmetic although such measures cannot solve many

problems. Stone-Platt was one company that breached its loan agreement and found that its bankers required major changes. Its term borrowings were converted into short-term debt, and other conditions

If banks are going to adopt an inflexible attitude to such breaches of loan conditions then many more cases like that of Stone-Platt are going to emerge in the next few months. Clearing. bankers are auxious, too, about the financial health of many of their small and medium-sized private company borrowers which are not large enough to employ sophisticated finance directors or advisers, and which have rarely if ever faced such difficult financial conditions: even in 1974 interest rates never rose so high as they have been since last autumn.

At least the clearing banks have been making handsome profits and can absorb a fair amount of trouble. And one: clearing bank chairman recently.... went out of his way to promise ... that his bank would adopt a tolerant approach. Mr. Robin Leigh-Pemberton of NatWest promised support beyond the normal bounds of strict pruden tiality. So it could be that troubled industrialists will find their bank managers more symthe difficult times immediately

Aggressive policy helps ICFC to expand

conclusion that what Britain's small company sector needed (ICFC). For some years, the money on a medium-term basis. More recently, they have also moved into long-term fixed rate finance and they are now seeking opportunities to make equity investments as well. So are a number of pension funds, and other City institutions.

Yet although competition for the business it was set up to undertake is increasing rapidly, the fact is that ICFC has itself been expanding at an unprece-dented rate. Overall, its port-folio rose in numbers from 2,456 to 2,907 in the year to March last, an increase of over 46 per cent in the space of three years. And gross investment in the 12 months rose by more than half

Within this overall advance, ICFC has been pushing hard in some quite adventurous areas of the market. Last year, it backed 309 new businesses or start-up propositions, compared with 112 in 1978-79, and it helped 49 management teams to buy control of the organisations for which they worked, more than double the previous year's

The group's competitors out ever apparent in the past. Mr. Larry Tindale, who is

anagement, for instance, it has

So the group is not reacting passively to rising competition. "We are sitting in possession of was an Industrial and Commer- the field and we are there to be Finance Corporation attacked," says Mr. Tindale. He thinks that the progress of ICFC clearing banks have been lend- has acted as a spur to the clear-ing increasing amounts of ing banks to increase their own

activities in this area. Finance for Industry does not make a very high return on its near £1bn of capital employed. Profits before interest last year were £109m. But it has shown that this kind of business can finance itself—and there would be obvious side benefits for the banks if they could get their pared to live and let live. hands on more of it.

The joke is, of course, that ICFC is owned by those very banks that are now after its business. The shareholding in Finance for Industry is divided between the Bank of England, with just over 15 per cent, and the English and Scottish clearers. In today's conditions that may seem an impermanent arrangement. But in practice there is little reason to think that it will change in the foresecable future.

Backing

For a start, ICFC is-not surprisingly—very happy with its present shareholding structure. Such backing brings a tangible benefit when it comes to raising new funds in the money markets. Moreover, as Mr. Tinin the field say that they detect dale points out, "ICFC does not a noticeably more aggressive set out to maximise its short-policy by the group than was term profits." In the strictly ever apparent in the past. Mr. hypothetical event of it ever wanting acces sto a new class of deputy chairman of Finance for shareholders, he would for this Industry (ICFC's parent) says reason prefer to take in instithere has been no change in tutional investors rather than the investment strategy, and the general public. They would, explains the figures largely in he argues, be prepared to take the context of a resurgence in a longer view.

the small business sector.

All the same, ICFC's market
comfortably within its existing

ing organisation has been financial framework. Its gearing beefed up considerably in the ratio is only about 5 to 1, as last few years, and the level of compared with a limit of 7 to 1, staff support available at head and, says Mr. Tindale, "the preoffice has also been bolstered, sent projections to not imply. The group has sharpened up in the need for any new equity number of other ways. In cash backing over the long term." the need for any new equity clearly identified role, the same lie is the ICFC. So provided that everything important arm of Finance for

asked for new money to finance in advancing £45m last year an activity in which they are ("in the teeth of intense compe-

would only be at its share short of the numbers that were holders in ittative. And that, considered possible at the end despite the aggressively come of 1974. Then, the organisation petitive noises which may be was revamped with a view to heard out the in field, seems quadrupling its size over a unlikely. As you move up the banking hierarchy fowords Lom-bard Street, a more lordly attitude starts to prevail. Quite rightly, senior bankers are prefibn available

This is an area-where competition seems unquestionably to be in the public interest. It would be a bad day if small companies were ever forced to take all their financial egges from one basket.

ICFC has an established network of 18 branches, with an experienced staff. It has a large and well diversified portfolio, only 16 per cent of which is in the form of equity. In real terms it does not consume much in the way of financial resources.

Hence its confidence in its ability to remain a strongly competitive force, despite the appearance of the big battalions in the field of small company

It is of course too soon to take a view on the success of its recent rapid expansion. Mr. Tindale says that its bad debt, experience was unchanged in the year to March last, and that although there are signs that the figure is increasing at the business of financing smaller moment, this is no more than issues which might have too stage of the economic cycle. well with the big investing insting a corptable limits. moment, this is no more than

But although ICFC has a cannot yet be said for another

IF YOU sat down to draw a been gaining from an increased goes according to plan, the Industry, the Finance Corpora-financial blue-print today, you emphasis on cash flow analysis, clearers are not going to be tion for Industry. It succeeded themselves now competing with tition," according to Mr. Tin-wholly owned subsidiaries. dale), taking the total advanced If there were to be any change by this organisation up to in the structure of ECFC, it £278m. But this is a long way period of two to three years by making new resources of up to

Satisfied

"Are we totally satisfied with FCI?" muses Mr. Tindale. "On the one hand I'd say no, we are not. On the other hand, we cannot say where we could do better."

FCI in its present form was established in conditions of acute financial crisis, and it will be kept in shape in case those conditions recur. That presents no particular problem, since it apparently produces a reasonable return and there is no competition for its resources within Finance for Industry.

Yet it does need — and is trying — to carve itself out a more permanent role. It is fairly innovative in the range of facilities which it offers: last year, for example, it started to make droplock loans, whereby the borrower is offered a variable rate which switches to a fixed rate if interest charges fall to an agreed level. And if and when the corporate bond market is revived, FCI hopes that it will find itself a -niche in the

in acceptable limits.

The recession is having an playing quite the role that was impact on new business activity, originally envisaged for it. It probable that the rate of gross fringes, but the core activity of investment this year will not be Finance for Industry—and its a lot higher than in 1979-80.

But although ICFC has a name of printing originally envisaged for it. It may expand a little on the fringes, but the core activity of a lot higher than in 1979-80.

But it is hard to see FCI ever playing quite the role that was originally envisaged for it. It may expand a little on the investment this year will not be. Finance for Industry—and its main justification for an inde-

Richard Lambert

en in the services offered by e banking system to its corrate clients over the last

Alfred Kenyon: The scene elf has changed, and the serbre emphasis on currency aling than there was before. iere is much more emphasis competition — with the reign banks in particular. ace you've now got several indred of them in London. aere has also been a trend wards having one's own indi-dual point of contact with a rge bank. The fact that things ve become more competitive eans that one feels freer to go the other clearers. Finally, ie thing which must spring to ind is the enormous increase leasing, for tax reasons.

Martin Bralsford: A feature years, a fixed-interest market. the last 10 years has been at the role of the treasurer s become far more sophistited, and has to a large extent oved intiatives out of the anks and into the companies. he banks are much more ady to respond to ideas and prporate sector, rather than ie banks being expected to me up with the ideas.

Daniel Hodson: The foreign anks have certainly been influntial in the development of e overseas markets in this buntry, the syndication market, great deal of the sophisticaon of the Eurocurrency tarket. And I think the indienous banks have moved ahead

In this interview with Robert Cottrell and Martin Taylor four company treasurers together present a corporate viewpoint of the banking system.

Mr. Daniel Hodson is treasurer of Unigate and chairman of the Association of Corporate Treasurers. The others-also members of the Association—are Mr. Martin Bralsford, group treasurer of the Rank Organisation; Mr. Alfred Kenyon, treasurer of Plessey; and Mr. Kenneth Morton, treasurer of

ery rapidly in their own way. he development of the sankers' Automated Clearing system, the first computerised ash management system of its and, has been very helpful.

Managing the money MB: Banks have had to get nuch more sophisticated on ash transmission systems—but do believe this has come on he initiative of the corporate ide. Banks have been doing ery well by having rather unvitting customers who have not been conscious of value-dating procedures and techniques which are available. Even now, do not think that we have got inywhere near to the degree of low, I do want to borrow. If rates are historically high, an systems have. Admittedly, I am not interested in fixed-hey do need bigger systems interest borrowing. If we are han ours because they have got more complicated domestic banking structure. But I do

We are seeing the UK clear-ng banks making twice the eiurn on assets of the next most profitable bank in the world. They enjoy the endow-ment effect of current account ment enect of current account balances, the fact that a lot of people are leaving them with an undue amount of float, and with charges at the same time. They are having their cake and bating it.

hink that in the UK there is

till some way to go in getting etter money transmission

DH: The money to be saved on an efficient method of cash on an efficient method of cash transmission, saving value, is probably far greater than the money to be saved on chiselling away at interest rates. So that although it isn't the glamorous side of the treasurer's business, it is very important to him. I think the banks, on the other hand, put their thoughts very much into creating sophisticated debt instruments. I referred to the BACS system, which is a method of instantaneous cash method of instantaneous cash transmission. I think this is the transmission. I think this is the area for future development, trying to get as far away from a cheque society—because it's quite clear that carrying large piles of paper around the City is an inefficient way of doing

I think the problem with the bank charges, from the banks' point of view, is that they really have not come out and said what have not come out and said what it costs them to move money. Because on the face of it, the British clearers are certainly the most profitable banks in the world. Yet they're always tellworld. Yet they're always telling their clients that they are losing money on their bank books of most companies, concharges, and bank charges are becoming an enormous percentage of financial costs.

AK: We found in Italy that the average cash movement took something like 45 days. We used an American bank to im-

used an American bank to im-used an American bank to im-prove that system, and they cut it down to half. The American banks have got the know-how through a stick; period often

people who know how to tackle bankersthat kind of problem.

DH: These sorts of peri- talks-" pheral services, whether or not es have therefore changed. and-loss impact, from the point the gap that we were talking change controls have been of view of the banks, generate about between the short and the olished, and there is much great goodwill, and American long by medium-term bank banks do. in many cases, do it credits. absolutely superbly.

I he banks as lenders

DH: A particular point which one hears discussed more and more these days is that we really must get a sterling fixed-interest market going in this country. I'm not sure, particularly as the clearing banks are talking about developing their deposit base, on a more medium-term basis, that this isn't an opportunity to strike out for, if necessary under five

The U.S. is a comparatively easy place to get fixed interest money. In Britain, I think obviously in the longer term there's a more political element involved. We're experiencing a crowding out, and with PSBR looking as if it is going to be quirements coming from the way above earlier estimates, it seems as though that is going to continue for the time being. All the same, if you look at balance sheets, the fixed-interest debt where you know what your interest charge is going

to be is steadily diminishing. Kenneth Morton: Fixed-interest sterling for several years is available from the banks. But I don't think that really is any solution to the problem. Because in the end our concern must be how to keep the banks in their traditional role of providing the short-term flexibility, if they are providing all your long-term money as

MB: One of the things which I think we lack is that our investment institutions don't have the credit appraisal capacity that the American institutions Their insurance comhave. panies have quite sophisticated appraisal systems, and are therefore quite prepared to take on direct obligations rather than looking to do the funding through the inter-mediary of some bank. They are helped by the fact that they have at least two creditrating agencies which give some sort of feel.

It is those factors which mean that the short-term comget off the ground here. It makes the institutions a bit cagey about lending direct because they don't really have a feel for some of the potential

AK: We've recently seen rates of inflation fluctuating between 5 and 25 per cent. This is not an isolated phenomenon There are other countries with similar rates of inflation in-stability. Now if you are going to get this, you are also going to see the same kind of swings in interest rates. You will not for long get real negative rates of interest, and you will not for long get very large positive ones either. Whether one wants to borrow at fixed interest rates will depend whether interest rates are historically high or historically low. If rates are

going to get the kind of in-stability that we have had in the 70s, and that is going to continue, then I think fixedinterest lenders are going to disappear. I think in the long run we shall all have to go to some kind of indexation. How many people are still interested in life insurance policies, where effectively you lose out on the inflation?

DH: I think there is another solution, that I see developing over the next few years. That is interest rate futures. This market has reached a degree of sophistication in the U.S., and any market here is based on the U.S. investing market. If you can fix your interest rate in the future, you do in effect have a fixed interest rate. The extent to which you could go out beyond one year would, I think, be comparatively fixed. But conceptually it is interest-ing, because it does put a tool of flexibility in the hands of the

FT: Are banks trying to reduce the amount of borrowing that you do on overdraft? Are they trying to get you off base

DH: It is difficult to answer that question, because they are probably going through a period of revaluation themselves with the abolition of the corset. I have not noticed any particular push towards a more money-market related view. As for medium-term loans, on the whole clearing banks tend to whole clearing mans tend to provide them when asked. Whether this is, from the point of view of the treasurer, the right way to set about capitalising his company, is another term when we have nearly argued argue. issue. Many people would argue that perhaps there should be more medium-term debt on the

FT: "After constructive KM: —and it has been put done well, can show great profit- other hand, people try to bridge

The merchant banks

FT: Among the merchant banks, do you see a develop-ment towards banks specialising in particular kinds of joh? So that instead of having a close relationship with the client, it has a close relationship with the job it does best? .

AK: I think so, yes. There are certainly horses for courses when it comes to bonding business for large contracts. There are horses for courses on acceptance credits and export finance generally. First of all, there isn't room for too many banks that do everything. Secondly, they will naturally find that they're good at some things and not at other things.

KM: But this kind of specialisation is also forcing large companies to beef up their they are charged for, if they're on to a five-year base. On the own contribution. They have to be able to decide was to use, and whether they can brief them. It is getting away from saying "Well, we leave that sort of question to our merchant bankers." They have to understand the questions.

> DH: There is a trend very much towards employing speci-alist people to deal with mergers and acquisitions, and the other side of takeover negotiations.

FT: Do you have less fixed relations with your merchant bankers than you did say five years ago?

DH: That is another issue. Most companies employ one bank specifically, but I think more and more are prepared to entertain others. The merchant banks, equally, are much more aggressive at marketing their feeearning services.

KM: The merchant banks have fewer qualms about making speculative proposals to people who are not their clients, and

Paying the price FT: If there were an emerg-ence of specialisation, do you see the possibility of a round of price-cutting in the fees charged by merchant banks for their corporate services?

DH: I don't think that would ever be a reason for going to a specific merchant bank. But there is always room for negotiation on professional fees of any kind. The client, whether any kmd. The chent, whether he goes to a solicitor of a mer-chant bank or whatever. is per-fectly at liberty to negotiate whatever he thinks is fair.

KM: It is strange that there is more heat than light generated on the question of fee business for mergers or acquisitions than there is on straightforward underwriting where the tradi-tional levels are unchallenged

and, it would appear, very high. AK: During the years of exchange controls, we used our merchant bankers a lot for such they worked like matters, our exchange Trojans on problems, and no Came the next issue, problems. control charge.

charge for what they are doing, treasurers for some years who instead of waiting for the next simply don't understand the

Room for improvement

it all together.

FT: Could we conclude by summarising the areas in which you would like to see the banks either expanding their services or tightening up their existing

DH: There will inevitably be a movement towards more sophisticated cash transmission. and by that I mean mechanisa-tion. The cost of transmitting money by cheque is so enormous that this has to go.

We would like to see the banks getting more sophisticated, not necessarily in the UK and the US, but in other countries. We would like to see greater help from the banking system there, on day-to-day cash management problems. The account officers will improve, as the quality of treasurers has im-

about. I think one would like to feel that the sort of people one will see will have the experience and ability when something is asked for to get it done, without bureaucracy, and quickly and efficiently. That is the plous hope that one would

AK: something which I would like to see go is the wage packet. We are one of the last sophisticated countries who have still got it, and it is an anachronism.

have for the future.

KM: One problem which I see among the clearers is that their among the clearers is that their out batting an eyelid, and a personnel practices are in many merchant bank will do it withways antiquated, and this out batting an eyelid. The creates some of the rigidity in clearer will not do this, because their systems. The most damage they are still frightened of ing example of that to the con-sumer is Saturday closing. I do think the banks have got to a situation where they create un-necessary inflexibility.

AK: The big four have got to they would charge a fatter fee, proved. I think to some extent one means two things. First of organised.

FT: What are the most to do it, and the American announce that they have made and they'll have to bow out of the other banks do not feel and justify if on the grounds we lead each other. It is un-all, purely organisation. The portant changes you have banks have got the kind of an arrangement with their the fields that they're not so particularly jealous about it. of all the work they had done fortunate that some banks send other one is getting less scared in the meantime. They should people to deal with fairly senior of legal matters. They're terribly weak against lawyers. One particular area where we feel shoebig occasion and then lumping concepts that they are talking pinching is on larger export projects. One quite often needs the normal ECGD facilities; which is bread-and-butter which they love, it is nice and profitable and easy for them, and risk-free. But that quite often has to be covered by a Eurodollar top up facility, and the big four are way behind the other banks in offering Eurodollar facilities on a competitive basis.

Even if their rate is competitive, they will not write a really aggressive offer letter to a foreign customer, whereas an American bank will do it with-Eurodollar lending.

DH: This is where the impact of the account officer comes in, and there is no question in my mind that the clearing banks AK: The big four have got to would be even more comfort-learn something about becoming able if they could somehow get

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Machinery for equity finance

ONE OF the features of the UK banking scene over the last 12 months has been the enthusiasm with which the main clearing banks have moved into the field of equity-type finance. Midland, NatWest and Barclays have all introduced venture capital schemes for small businesses, based either on straight equity investment or on loans with options or performance-related financing terms. And all three are making a much more determined drive to take equity stakes in larger established private companies.

Barclays has moved into this activity for the first time, through its new subsidiary Barclays Development Capital, while Midland and NatWest have deliberately adopted a higher profile as providers of equity finance, the latter through its merchant banking subsidiary, County Bank. Lloyds is the odd man out-so far. It admits to be actively considering the possibility of

introducing equity-type financing. and some of its competitors expect to see it in the market place in the not too distant future. As you would expect, there

are a variety of motives for this sudden change of course-and the order of priorities changes as you move up the banking hierarchy. Politics and public relations have had an impact in the higher echelons, particularly in the introduction of the venture capital schemes. It seems most unlikely that the banks will ever make much money out of such activities, but no one loses friends these days by supporting the small entrepreneur. Providing the costs can be kept down, this should be a good business to be seen to be pro-

Approach

All the banks stress that their most important service to young companies will always be to provide overdraft finance as opposed to equity capital. And they are not at all certain about the likely level of demand for such funds. NatWest speculates that there might come a time when it could be making a score of such investments a month-but meantime its cautious approach is reflected in the fact that its scheme is not yet being offered on a national

NatWest thinks it will take three to five years to establish whether this is going to be a

Normal size Finance for equity stake representation Medium-term Usually less than £10.000 subordinated NatWest Capital Venture 25 per cent £50,000 Loan Scheme loan with equity options 15-25 per cent Not normally £50,000 + Equity: loans County Bank Sound normal max. about £500,000 with options, etc. private companies £5.000/ Five-year loans Venture **Barclays Business** £50,000 with interest Start loan calculated as a royalty on sales 18-30 per cent £100,000/ Normally Equity-type Sound Barclays Development private Capital companies £5,000/ £50,000 Minority Equity; term Not normally Start-up capital: development options and venture capital Usually £50,000/ Normally Private companies Equity Midland Bank 10-40 per cent Industrial Finance potential and Midland Bank Industrial Investments See article Midland Bank Equity accompanying £100,000/ £250,000 10-49 per cent Equity Normally Established Meritor (jointly with companies with R-R Pension Trust) good records 10-40 per cent Progressive Equity (plus Normally Moracrest (jointly with private British Gas Pension companies loans) Funds and Prudential Assurance

ENGLISH CLEARING BANKS' EQUITY-TYPE FINANCE

and describes its involvement so far as experimental.

The banks appear much more confident about the commercial rewards to be gained from investing larger sums of money in established businesses. They are reconciled to making poor returns in the early years' when their costs will have to be covered out of the running yield on their equity portfolio. But they believe that the scope for capital gains over the long term will make this activity perfectly viable in its own right. In addition, it should benefit the rest of their business by broadening their client

All the new schemes have important features in common. The banks are very concerned to make sure that their presence as a shareholder does not mislead anyone into thinking that they will stand behind the inrough thick For this reason they insist on taking no more than a minority stake in any business. NatWest is perhaps the most cautious of the three in this respect: it likes to keep its shareholding below 25 per cent, and does not normally seek board representation.

The three banks are also anxious to stress that their equity investments are financed out of their own shareholders' rather than their depositors'. So far, the sums of money involved are much too small to have any impact on the clearers' balance sheets.

Specifically

But Midland—which is the most involved of the three with an overall portfolio of about 20m—admits that the time might come when it would be sensible to look for long-term funds specifically to match the equity portfolio. Given the lliquid nature of the underying securities, the obvious place to look would be among the investing institutions rather han the general public.

The banks want to be seen as long-term investors in a com-pany's shares. They will not put any pressure on their fellow shareholders to go public, or to seek a buyer.

Another common theme is that the bulk of the donkey work on the venture capital schemes is done at branch level, in order to save expenses. This apart, though, the three clearer have each taken different approaches to investing sums of up to about £50,000.

Midland was the first in the field. Midland Bank Venture Capital (MBVC) got under way last autumn, and has so far processed around 250 applicaions of which over 11 per cent have resulted in firm offers. Through MBVC, Midland invests in ordinary or preferred shares, or special term loans incorporating an equity option. The approach is made at branch level, and the local manager helps the applicant to prepare a standard presentation which details the projects markets and prospects. This presentation, together with the local manager's view of the applicant and a bit of supportive market research where appropriate, provides the basis on which Midland decides whether to make the investment.

To support this and its other equity activities, Midland now has a central staff of around 20 executives based in London. NatWest, by contrast, has decided against taking a direct

equity stake in small companies. at least in the early stages. In May it launched its Capital Loan Scheme, which makes sums of between £10,000 and £50,000 available in the form medium-term subordinated loans with equity options. The life of each loan is up to ten years, and repayment terms take into

viable activity for its branches, account the company's antici- return of 12 per cent on the pated cash flow. The rate of interest is fixed through the period of the loan, and NatWest does not look for security from the company for the loan. Instead it seeks directors' guarantees, to tie them into the

business.

The options will usually be for less than 25 per cent of the equity, and will not be taken up for a number of years. In fact, it is a reasonable guess that few of the options will be exercised at all, since it will not be worth NatWest's while to take up it's rights unless the company in question is a great success.

Barclays has come up with a third variety of venture capital. its Business Start loan which it announced just over a month ago. This scheme provides loans of £5,000 to £50,000 over a five-year period, with no repayment of capital until the end of the period. Loans will be made available for up to 100 per cent of total spending for fixed assets, research and development, and anticipated losses in the first two years. No security be required beyond the company's assets.

Payments on the loan will take the form of a royalty linked the borrowers' sales hence the equity nature of the money. Calculated from sales projections supplied by the borrower, the royalty will be designed to give Barclays a

principal sum in the third year of the loan. There are also a number of

differences in the way that the banks are providing development capital—sums of £50,000 upwards. NatWest invests these funds through its merchant bank, County Bank, and Barclays Development Capital is a subsidiary of Barclays Merchant Bank. But Midland has recently pulled this activity back from its merchant banking side, and Midland Montagu Industrial Finance has become Midland Bank Industrial Finance. The move makes sense from a marketing point of view, it says, because of the role of the branches in providing business.

Venturesome -

Midland has certainly become more venturesome equity investor in the recent past. In shares into the car rental business of Godfrey Davis, as part of the (frustrated) deal with Europear. It is also sharing in the National Enterprise Board's biotechnology venture through another subsidiary. Midland Bank Equity, which has been set up to take investments that do not fit comfortably into its other schemes. It does not expect to see a positive cash flow from biotechnology for

In broad terms, though, the clearers are aiming at the same kind of target in the development capital field and are offering similar types of finance investment in ordinary shares, preferred stock, or loans with rights to equity. They are by no means confining themselves to new equity issues. Roughly half their investments so far typically consist of shares which have been bought from existing shareholders. This is a function which in the past might well have been fulfilled by the stock market

Preferred size of

The banks face intense competition in this area, and their experience so far has not been uniformly happy. joint venture with the National Enterprise Board in the North East has quietly passed away, while the response to Moracrest (which it runs together with the Pru and the British Gas pension funds) has been uninspiring. Barclays has not its shareholding in Monotype Corporation, which it made some time before it set up its development capital subsidiary. However, the clearers are well placed to succeed in this business. The contacts which ought to come through from their branch networks—an makes them formidable cor petition for those institution already in the field.

Richard Lambe



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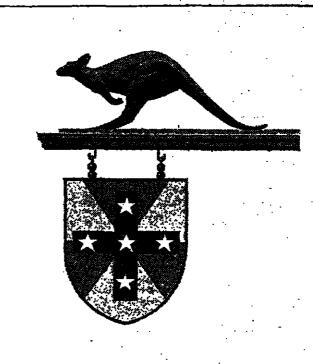
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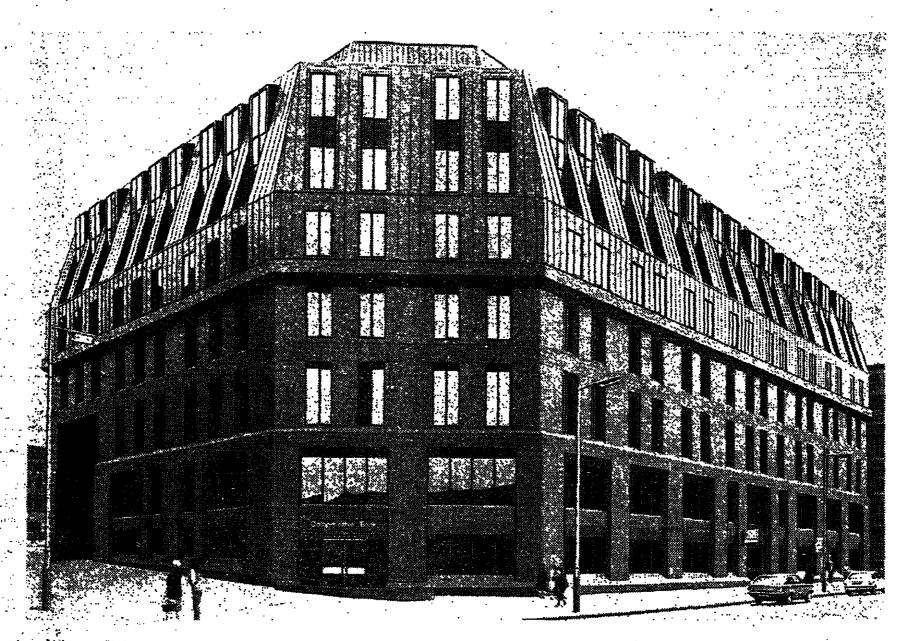
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marker face intense with far has not be sarea, and with far has not be sappy. Midla with the Nam oard in the Nietly passed a ponse to Morac ms together sold the British and sold has a Barclays has an easy ride ving in Monay which it metal and subsidist the clearers to succeed in the contacts where their name formidable in those institute effect in the clearers of their name formidable in those institute effect in the clearers in the clearers where their name formidable in those institute effect in the clearer in those institutes effect in the clear in those institutes in the clear in

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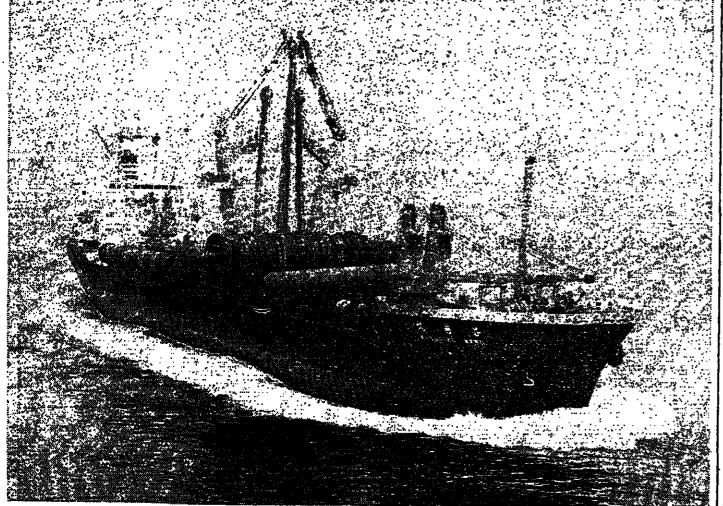
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The merchant banks and their inner circle

plummiest merchant banks annual figures has been good.
enjoyed an inviolable right to It is hardly surprising tha the moral protection of, and more practically the right to rediscount bills with, the Bank

The missing face — though this is too easy a Kim's Game—
is of course Antony Gibbs. It was fine for Gibbs to be 40 per cent owned by the Hongkong and Shanghai Banking Corporation; but the full bid which arrived on Gibbs' boardwhich arrived on Gibbs' boardroom table in April was too
much for the AHC, which
demands of its members that
they or their parents be full
members of the British Bankers'
Association. Gibbs' chairman
Sir Philip de Zulueta protested:
but he failed to melt the heart
of the committee chaired by
Mr. John Barins.

Mr. John Baring.
The AHC is the inner circle of British merchant banking.
A factor of 22 separates the
balance-sheet totals of its
smallest and largest members. from the petite Rea Brothers to the internationally sized Klein-wort Benson. Outside it stand sizeable banks like County, a subsidiary of NatWest—though of Midland, is in-and, until its recent takeover by Charterhouse, Keyser Ullmann.

AHC provides a useful focus for equity capital. observing the merchant banking community at work. It was, in general, a good past year for banking business. Corporate finance activity has been buoyant, with a high level of buoyant, with a high level of the Wilson Committee report, and mergers.

Committee (AHC), and one had banking profits rose by a half, such competition has been parbecome accustomed to the idea to the small, with Rea Brothers that seventeen of the City's up a third, the last crop of It is hardly surprising that

these elegant and profitable concerns should find themselves the subject of predatory inunwelcome and foreign, the pro-visions of AHC membership may prove a useful defence—though it would certainly be argued in return that the provision to rediscount bills at the Bank is not an exclusive one, or guaranteed to last for ever, and that the fringe bank lifeboat showed the Bank of England quite willing to protect rather more than

Squeeze

But save for those at the top of the table, merchant banks are likely to be loved more for their brains than their money. The squeeze on the balance sheet has come from many sides. The boom-and-bust of more or less everything in the early seven-ties left some nasty scars. Profits in subsequent years looked distinctly patchy after the palmy days of the 1960s. Inflation is not kind to busi-Samuel Montagu, a subsidiary nesses whose main asset is f Midland, is in—and, until money. And the widespread tendency for strong family surface, Keyser Ullmann.

But despite its exclusivity, the HC provides a damper on the raising of new

major acquisitions and mergers. more than triple the number New issues picked up, and lending to the private sector—based international banks, led where merchant banks are marginal providers, as opposed to into London, attracted by the

Financial muscle a big factor

OESERVERS HAVE been warn-take-over battle between Racal ing about the inevitable demise and GEC. It is heavily involved have managed to soldier on. Inevitably they are facing competition in some parts of their merchant banking arms is the business; but by and large, where they have established dominance in a particular field of business they have tended to hold their own. The merchant banking arms of the clearers have found the going in general

rather tough.

But in the longer term—with the slow shrinkage of the merchant banks' established business as, for instance, mergers take their toll of clients-more important will be their ability to develop in new fields. And here the omens are not so promising.

The four big clearers have chosen different ways to move into merchant banking. Midland did so by taking full control of an established merchant bank in 1973, while both NatWest and Barclays have built up their own arms, through County Bank in the case of the former and Barclays Merchant Bank in the latter. Lloyds was the latest in the field, and chose to use its international arm to spearhead the approach.

Three years ago a merchant banking division was formed in Lloyds Bank International, and year later the bank took the development a stage further by establishing a Corporate Finance Division Mr. David Horne, a former director of the leading merchant bank S. G. Warburg, was appointed the director, and while the division is part of the international arm, it co-operates closely with the Lloyds parent as well.

The bank argued that it did not need to set up a completely new merchant bank since such a bank would duplicate many of the services already provided. But while it is probably too early to reach any final conclusions, the bank does not yet to have been notably successful in winning new UK business in the core merchant banking areas such as mergers,

offers for sale and placings.

Nor is all going smoothly at Samuel Montagu, the Midland subsidiary. Here there has been management shake-up and there appears to have been a between the Midland clearing network and the merchant bank. The likely reason has been the development of regional specialisation in the Midland network — a transformation in effect juto a series of

and while these appear small independent merchant banks, once the non-bank profits are stripped out of the latter there is probably not much difference

County Bank in particular seems to have been highly successful in obtaining core merchant banking business. In the latest year the bank handled a number of merger and take-over

of the merchant banks for so in floating new stocks and is in long that it has become a cliche. the top 10 of merchant banks Yet while the past decade has both for number of clients and not been kind to the breed, they for rights issues. One key indicator of the

> ing to recruit. In the last part of 1979, for instance, County gained Mr. Cornelius Smith from Schroders. Mr. Hamish Lamont from Hill Samuel, and Mr. David Gamble Rothschilds. Similarly, Lloyds Bank International managed to recruit staff from Lazards and Morgan Gren-

banking offshoots have two advantages over the inde-The first is sheer pendents. financial muscle. But despite this it is very difficult for them to break relationships which the independents have formed with the big corporate customers. While they can provide project figance, selling advice is harder. and it is no coincidence that the clearers' offshoots tend to be big in the fund management field instead.

The second big advantage the clearers' offshoots have is access to small and growing companies. The established merchant banks are not interested in corporate business worth under say £1m a time, whereas the small man may go to his bank manager for £10,000. As his business grows the bank manager can hand him on to the bank's merchant bank, and while the clearers have first refusal, so to speak, on this new business, the independent merchant banks are seeing mergers and bankruptcies thin the ranks

of their established clients. It is not surprising that the newer entrants into merchant banking are keen on developing fund management strengths, since this rapidly growing business offers scope for competition. There is also competition to the merchant banks in this area from the stockbrokers, not to speak of insurance companies.

In fact, this tends to be the main area in which stockbrokers and merchant banks clash. In general they tend to respect each other's territory. The handling of the Lloyds Bank rights issue by brokers Hoare Govett on its own a couple of years ago was the exception rather than the rule.

Merchant banks are very big in fund management, and the latest figures show that even in 1976 the accepting houses alone had £7.5bn under management. But virtually all stockbrokers Barclays Merchant Bank and County Bank both produced profits of about £7m last year, and while these appears are virtually all stockbrokers now have some involvement in this sphere. This activity originally grew out of the servicing of relatively and the service of client portfolios and has now beside the results of the bigger expanded until the firms are competing directly with the merchant banks and insurance companies.

The leader is Phillips and Drew, while other active firms include Rowe and Pitman, Grieveson Grant, Pember and Boyle and de Zoete and Bevan.

A major selling point of a number—though not all—of the broking firms is that they bids, and acted for Decca in the do not charge fees for handling CONTINUED ON NEXT PAGE

NOW THERE are sixteen. procurers, of funds—expanded development of Euromarkets, and put their broadly-based servorld of the Accepting Houses the big, like Hill Samuel where British companies. The effect of Such competition has been particularly felt in the syndicated loan market, where the signs have come only comparatively recently that margins, trimmed to wafer-thinness, may be returning to easier levels.

Big is, if not beautiful, then terest. Where the attention is at least re-assuring and impressive when touting for banking custom. But small, too, has its particular virtues—certainly enough to dissuade most merchant banks from cobbling together mergers or associations almed simply at beefing up financial muscle.

Expertise is not a function of size in, say, pension fund management, which is a steadily increasing source of income to the merchant banks, with an exceptional boost having been given by the introduction of the new State pension scheme.

It seems possible that the effect of competition in what is after all a service industry will be an increasing degree of specialisation, with banks acquiring very distinct reputa-tions for particular kinds of work, and running down their less-respected lines. It is also being noted by some clients that the banks are becoming more aggressive in their marketing, propositioning companies with ideas rather than waiting to be brought in as midwives to a fait accompli.

Counteract

The independents must also work to counteract an endowment effect among the merchant banks owned by the clearers. When a small company has enjoyed successful growth at least decade is likely to be the nature in part, thanks to the under-standing and advice of its meration within industry. clearer, the merchant banking The concentration of re-arm of that clearer must be sources in fewer and fewer high in its thoughts when the time arrives for it to seek such

merchant banks have certainly between companies. But it could made their presence felt in also lead to the drawing inassisting emergent companies in house of many traditional the North Sea oil industry, merchant banking services by where they are working with companies of a size and sophisthe British "wildcatters." tication to support them.

Baring Brothers has significant holdings in Cluff Oil, and Klein-

BALANCE SHEET TOTALS OF AHC

MEMBERS (latest financial year-Em) Kleinwort Benson Schroders 1,669 1.54 Hill Samuel Samuel Montagu Morgan Grenfell 919 Mercury Securities 729 Lazard Securities N. M. Rothschild Barings Guinness Mahon 240 317 Brown Shipley Singer & Friedlander Arbuthnet Latham Charterhouse Japhet Rea Brothers * As published in Financial Weekly 25/1/1980.

wort Benson has also played a part in financial packaging. Shipbuilding is another industry which has received the specific attention of merchant bankers, with Guinness Mahon having pledged its determination to act as catalyst in rationalising the industry and rationalising the industry and strengthening their customers' position through mergers and financial packaging.
It is customary, in looking

forward to the future of City institutions, to talk of "testing times," and to foretell that some will fall by the wayside. But for the time being at least, the merchant banks would some to be more desired that seem to be more desired than disdained by their fellows. Apart from the level of competition within the banking world itself, one of the most important factors determining their fortunes over the next

larger companies is in the first instance bad news for the merervices. chant banks insofar as it One area in which certain reduces their work in mediating

Robert Cottrell

*Current and Deposit Accounts

*Money market operations

*Overdraft and term loan facilities for industry and commerce

*Private house purchase advances over £25,000

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The rare world of the discount house

HE MEN who run London's terest on call money. discount houses are resigned to. The houses have another criticism, not all of it entirely major problem to set beside ree from envy. They are used their dependence on the status o being written off as a single quo in the money market. Be-larly unnecessary adjunct of the cause of their exposure to the inancial system, as people who increasingly volatile interest isually manage to go home rates of the London markets, early in the evenings after in their profits are subject to loying an excellent junch. At violent fluctuations. When in-

AALANCE SHEET TOTALS OF AIR MEMBERS

stest financial year

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gan Grenfell
sary Securities
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f. Rothschild

iness Mahon on Shipley

Samuel

er & Friedlander Thuot Latham terhouse Japher Brothers hublished in other financial systems in kly 25/1/1980 financially without their equivalents, and that the Bank of lents, and that the Bank of England, if it chose, could make them redundant tomorrow. In in fine reial pathutions to enjoy lender of last which has rein (lender of first resort, it is cynically said at present, since the strength of meally said at present, since the pledged is distretes trates down and money to act as call, granted at Minimum Lending allsing their money going). In through metal houses to borrow short money so customers, in and lend it out longer on a scale.

ial packaging houses to borrow short money of a packaging and lend it out longer on a scale of the control of the future of capital base. As a quid pro quo, and so forest they are required to underwrite will fall by the old certain circumstances it merchant bank, forced buyers of these bills merchant bank forced buyers of these bills to be more deand (although they represent total from the level of which may sell them back to the more than the level of which may sell them back to the more than the level of which may sell them back to the more than the level of which may sell them back to the modern n within the is Bank). In practice, the under-itself one of its writing level for the tender is

ant insters deep pretty low.

fortunes over the That the houses survive in

is likely to be then their present form is plainly

trong lowers a the result of the Bank's own

on with induce preferences. It is administraon within indistrepresents. It is administra-concentration of tively easier to influence the s in fewer and money market through 13 companies institutions than to deal with to be the same all the banks in London. And bens main because of their smallness street the houses cannot really in companies Ear, afford to argue with the Bank for very long their felationship with the Bank is of interpretationship with the Bank is of interpretations the louises which, ou a day-to-day basis, have to interpret the nods, winks, hints and nudges that are characteristic of the Bank of England's supervisory style.

This was particularly important when MTR was field to the

MER and bills, they were

Deposit

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jurchase ,25,000

· Banking

tions. The Bank has introduced issue during the corset period restrictions on outside bidders has been meat and drink to them—the sort of action that rein. Eligible bills, unlike CDs, may forces fears that official over be sold to the Bank of England, protection of the discount which has even obliged the houses might become hebliliat houses by offering sale and ing.

As well as being able to borrow from the Bank, the houses are the only institutions able to create the additional reserve assets that the banking reserve assets that the banking system needs. This they do by accepting secured call money from banks. In theory these are deposits that the banks may take back at any time; in practice they are left with a discount house for a well-defined when reserve assets in count house for a well-defined period. When reserve assets in general are in short supply, because the banking system has been increasing its balance. That idea has apparently been sheet through rapid lending scrapped, to the relief of the rates on reserve assets (including Treasury bills, eligible bills, and Government stocks with less than a year to run) tend to fall, and the discount houses are able to pay low in the system of monetary base control in might be adopted, which could have affected the houses relationship with the Bank. That idea has apparently been scrapped, to the relief of the more conservative elements in Lombard Street. But the future of the houses in their present role is insecure.

east the bit about their lunches terest rates are rising a house has some truth in it. as some truth in it.

The charge that they are in nimble—and accurate in its necessary is the most worrying readings of events—if it is to the discount houses know that make money. If a discount other financial systems in house gets things wrong—and smoothly without their equivalently of them did last year, lents, and that the Bank of when MLR, having looked as England, if it chose, could make though it might come down them redundant tomorrow. In from 14 per cent, was abruptly London they are the only instiraised to 17 per cent-it can make very serious losses.

Losses are particularly damaging to a discount house since the size of its capital base (including inner reserves which are not publicly revealed) governs the size of book it may hold through a system of multipliers envering both the total book and the private sector part of it. So a house which loses money for two years running can be forced to shrink drastically. One way out is to raise new equity, as Clive Discount did recently under the slightly unusual circumstances of having just passed its dividend.

Widened

In response to worries about overdependence on their traditional role, the houses have made modest attempts to extend beyond it. There have been false starts—the buying (by several houses) of money broking firms was not a good way of spreading risk and even threw up some conflicts of interest; most of these have now been sold. But the houses have widened the range of instruments in which they are prepared to make markets to include, for example, the Eurodollar certificate of deposit. They are now (since the abolition of exchange controls) closely involved with the Eurosterling market. Some have gone in for fund management.

participants in the short-dated gilt-edged market, although now that five-year bond yields are tant when MIR was tied to the very much below the cost of discount rate of Treasury bills money, they necessarily move at tender. The houses were put in and out of the market (often under intense pressure to hid for only 24 hours) rather than one way or another, for although fidding a more permanent gilt-the authorities were able to edged portfolio. Variable rate override the formula linking gait-edged, on which the yield in linked to Treasury bills, are an generally unwilling to do so. exception to this rule; this in-The houses then risked getting strument appears to have been no bills if bidders from outside designed with the discount the discount market, less sus market in mind—another ex-

The houses remain active

the discount market less susceptible to the Bank of ample, perhaps, of the central England's influence, came in in bank's over-protection.

The recent ending of the conset" controls on the banking system have meant that, as lending returns to the banking system, commercial bills are tending to be redeemed and surfaced again: although the bill tender no longer determines with certificates of deposit. This MIR, the Bank still seeks to is not altogether welcome to the influence it, and the houses have houses. Trading bills is their a genuine need for Treasury bills in their day-to-day operations. The Bank has introduced restrictions on outside bidders

repurchase agreements on these instruments. The houses gener-ally hope that companies which have gained experience of com-mercial bill finance as a result of their banks' efforts to escape the corset will continue to use it-

certainly the houses will do all they can to promote the bill. Still, the threat of a change in the structure of the London money market will not go away. There were recently fears that a system of monetary base con-trol might be adopted, which

Financial muscle

CONTINUED FROM PREVIOUS PAGE

as well, since they may buy merchant banks will depend to shares in bulk at favourable a large extent on whether they

higher rate, pocketing the difference.

Whatever the rights and clients, while the ARIEL experiwrongs, stockbrokers are paying a price for the development of their business.

Many merchant banks refuse to do deals on any scale with brokers like Phillips and Drew, on the grounds that they are losing out at the moment on the new growing clients, while the ARIEL experiment does not give great grounds for hope.

Two new developments that may prove critical are the proposed financial futures market and the possible re-opening of the corporate depenture market. There will undoubtedly be a ance companies, are coming to the same point of a share of these new businesses; view.

lew. Merchant banks have clearly who dared to predict the outbeen the aggressors with the come brokers over the computerised ARIEL bargain matching.

large portfolios, although of system, which allows people course they collect normal companies. To deal direct. However, so missions on transactions. It the system has not managed between the system has not managed such brokers have an incentive, merchant banks have expressed to follow an active switching dissatisfaction with their stakes policy to generally companies of the city, where areas of But the banks are probably operation are often determined vulnerable to charges of consolely by historical tradition. vulnerable to charges of con-solely by historical tradition, flict of interest on this ground, the long-term health of the commission rates and charge a manage to seize and monopolise number of individual funds a new areas of business. Clearly higher rate, pocketing the they are losing out at the

David Freud

Growing incursion by foreign banks

to the domestic clearers and area. building societies.

At the same time they have been moving less conspicuously but with comparable agression into the UK corporate finance market. For many banks this is no new departure. The Americans, for example, came to London to service the requirements of U.S. comrequirements of U.S. com-panies operating abroad but rapidly saw the potential for lending to UK clients. Yet the abolition of exchange controls and, more recently, the unfastening of the "corset" have accelerated the momentum. British companies are now free to finance foreign business as much as they please and the foreign banks can often point to an impressive history of international corporate financing to back

Margins on Euromarket lending have become less attractive for the major banks and credit demand has obvious pressure to help fund the mounting financial deficit of UK companies. The margin

recently been making a big British banks occasionally comretail banking facilities within in particular, the UK repre- over 50 per certhe UK, in direct competition sents a high margin lending from a low base.

The Bank of England provides a useful breakdown of lending to the UK private which reflects the thrust of the foreign banking The latter's main Success appears to be in the area of non-sterling lending. where foreign and consortium banks in aggregate pushed up their advances by 27.4 per cent in the year to mid-July. Total loans and advances in July were around £6bn, or nearly double the amount outstanding to UK banks, which had shown only a 6.2 per cent rise over the same period.

Lincouraged

The statistics do not tell the whole story, since the strength of sterling has encouraged companies to convert a good deal of foreign currency lending back into sterling. The non-sterling advances of the London clearers, for example, were down by 23.6 per cent on tailed off in some countries, so July 1979, which hardly the banks have been under reflects the true progression of their borrowing.

Nonetheless, the figures do suggest that the foreign banks on domestic sterling lending is have been meeting with con-

FOREIGN BANKS, and U.S. still above that obtainable on siderable success in the area of It would not view its function banks in particular, have Euro-sterling finance and non-sterling financing. The as a provider of funds to a Midsplash with their plans to offer plain that, for European banks increased their advances by example. over 50 per cent-admittedly

> The principal target area is the medium-sized UK company with foreign or export interests. The largest companies are themselves financially sophis-ticated and have always employed a mixture of domestic and foreign banks, while the smaller companies are happy with the facilities provided by a local clearer. The foreign banks, with a high proportion of their balance sheet denominated in non-sterling currencies, are an obvious place to look. They can provide foreign currency facilities and special areas of

Nordic Bank, for example, is actively seeking to develop its UK corporate activities, while banks has been less rapid. The continuing to leave the bulk of its loans in the Nordic area. It is hoping to court not only those companies with interests in Scandinavia but any UK corporation with specialist needs.

Not all banks are following this route. Some see their role in London still as wholesaling. Westdeutsche Landesbank services the needs of mediumsized companies only if they are off-shoots of domestic clients

Japanese, for example, have lands engineering company, for

The rise in non-sterling lending by the foreign banks may in Swiss francs and Deutsche Marks.

Equally, however, UK companies have been substituting multi-currency lines for sterling facilities. This gives them a facilities. This gives them a greater degree of financing flexibility and can save on foreign exchange commissions. The foreign banks are happy to

provide the service.

Not surprisingly, the growth increase of 21 per cent to £6.8bn in the year to mid-July compares with a 27 per cent rise to £38.4bn among the UK competition. Here again there are significant distortions created by the gradual unwinding of the corset and the fact that high money market rates have recently encouraged British companies to fall back on sterling base-rate facilities provided by the clearers.

Some believe that medium-sized companies obtaining finance from overseas banks may tire of the adventure. They point out that while their loans are often competitive in terms of

part be a result of decisions by foreign-based companies to convert their sterling liabilities into their domestic currency. Mr. David Vincent, a vice-president of Chemical Bank in London, says that some Swiss and German companies have been switching their borrowings into their borrowings into their domestic currency. A loan document with a British bank is a don, says that some Swiss and German companies have been switching their borrowings into the non-banking their borrowings into the non-banking sector. Their overall business every kind.

British banks also argue that not all UK companies are yet aware of the pitfalls of foreign currency financing, in particu-lar the fact that exchange losses are not normally allowable for tax. They claim also that foreign banks have led the way in bringing lending margins for UK companies down to sometimes unacceptable levels, a charge hotly refuted by the

Supplement

By international comparison, foreign banks have a large share of the UK domestic market. This is not in itself surprising. The development of London as an international banking centre has brought well over 300 banks to the city and it is natural that they should have sought local business to supple-

their UK counterparts.

Not all banking centres have taken such a charitable view: It is notoriously difficult for sector. Their overall business volume represents less than 2 per cent of the total.

The closest approximation to the UK is the U.S. where British banks in particular have been expanding rapidly into the domestic market. Last month's announcement that Midland was planning to pay \$520m for a majority holding in Crocker National Corporation was the National Corporation was the latest in a succession of moves by the UK clearers into the U.S. markets. As the 14th largest bank in the US. Crocker provides a solid foot-hold in the domestic market. The operations of foreign banks in the US has become a political the U.S. has become a political hot potato but UK banks are already well enough placed to reply across the Atlantic to the incursions made by foreign banks on their home territory.

John Makinson

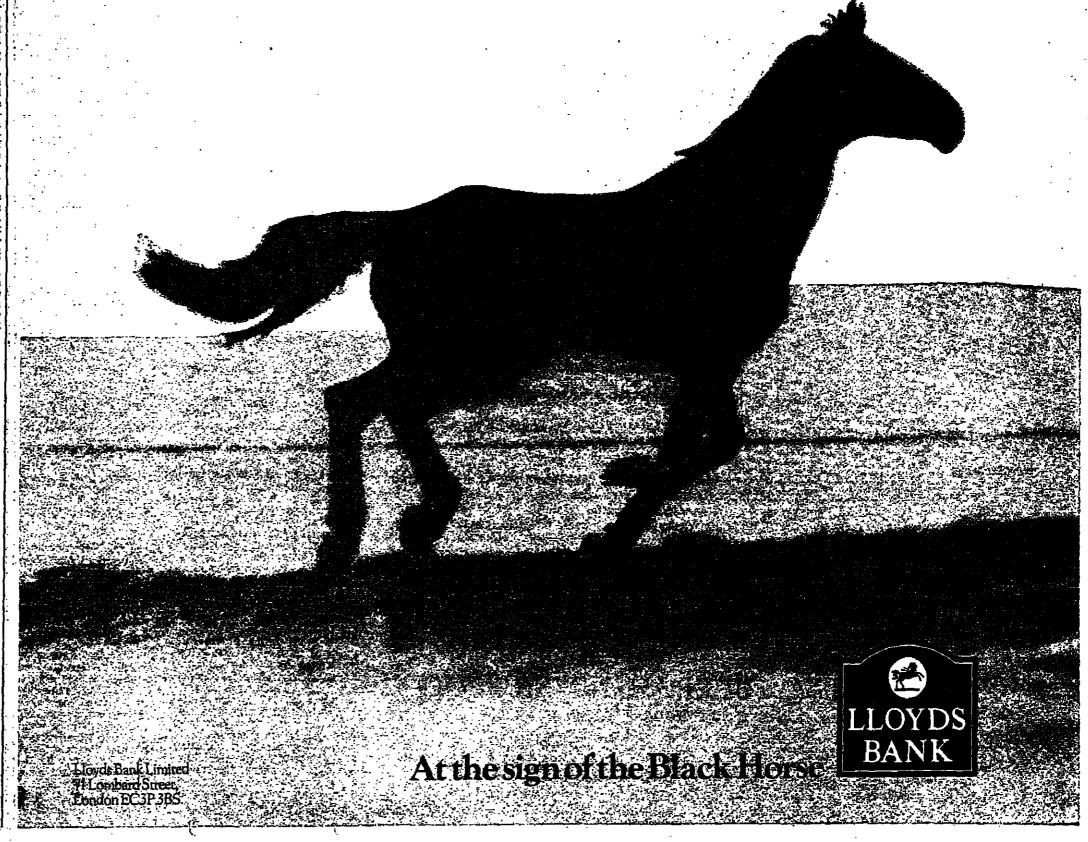
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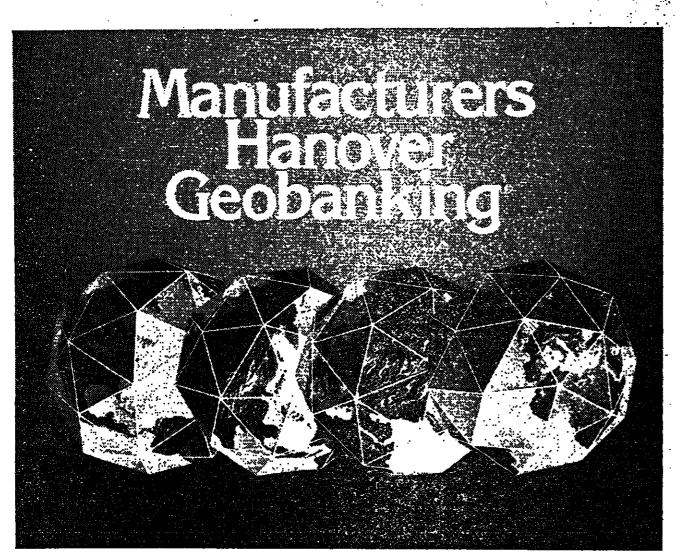
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UK BANKING X

The rest of the survey discusses developments in the retail sector of banking, with particular attention to some of the overseas groups involved.

New initiatives in the retail sector

THE UK is probably the most interesteing retail banking market in the world a present. This is because it has such a large unbanked population which is now attracting great interest from both domestic and foreign

banks.

Unlike just about every other major developed country, where more than 90 per cent of adults are reckoned to have cheque accounts, only between 50 and 60 per cent of the UK adult population is banked. As might be expected, the banking habit is strongest in the A. B. and CI socio-economic groups.
It is weakest among manual workers, where only a third at most have bank current accounts.

accounts.

The big clearing banks lay much of the blame for the UK's backwardness in retail banking at the door of the weekly wage payment system. There appears to be a strong connection here, because almost 80 per cent of manual workers are still paid weekly and in cash. The so-called Truck Acts, which entitle workers to be paid in cash, are an important factor in preserving this position.

The connection appears to be

The connection appears to be borne out by the experience of European countries such as France and the Netherlands. where the abolition of weekly wages and the transformation of the whole population into a banked community have gone hand-in-hand—roughly in the period between 1965 and 1975.

period between 1965 and 1975.

It is now apparent that the next decade will see a similar transformation in the UK.

In theory at least the big clearing banks are ideally placed to penetrate this market estimated at around 11m estimated at around 11m adults—because of their extensive branch networks. Sir Anthony Tuke, retiring chairman of Barclays Bank has led matter. In the bank's latest annual reports he told share-holders: "The real challenge hope that when people come to for us over the next few years will be our ability to create the necessary modern banking and other services.

Systems and facilities to attract profitably, the 11m wage and involved the provision of the new facilities and other services. profitably the 11m wage and involved the provision of the in-salary carners who today have house store credit card. Again,

able to "provide members of the public with cash where they want it, at all hours of the day. seven days a week, and upon the development of electronic funds transfer and plastic card tech-

Despite their extensive branch networks the cleavers face a number of problems in dealing with the British worker. Traditionally their staff have been trained to look after the needs of the middle and upper classes, their restricted hours of opening show little regard to the needs of working people, and their services are still built around the cheque or current account designed for people

paid monthly.

The clearers have long contended that a mass changeover to monthly wage and salary payment was an essential pre-requisite to the provisions of profitable banking services for working people. More recently, however, this has been watered down somewhat. Today the objective is to get people to convert to fortnightly payment, at

least as an interim measure.

There are indications that the clearers are getting their message across to some message across to some employers. This is borne out. for example, by a number of recent pay agreements which include provision for the pay-ment of wages through bank

accounts. While this is going on the clearers have been chipping away at the "unbanked" in a number of new ways. Most recently all of the Big Four have announced a clearers series of new savings accounts designed to compete with those offered by the building societies, which have themselves been the most popular depository for in public statements about the most popular depository for matter. In the bank's latest an-individual savings in Britain for matter. In the bank's latest an-

that success would depend on a Barclays Bank-run store card, whether the clearers would be for example, the hope is that a gradual conversion to full retail banking services will be brought

The gradual move of the clearers into the provision of mortgages is another way in which new bank customers could be captured.

At the organisational level major changes are either taking place or being contemplated within the clearers' branch networks. Midland Bank is currently involved in an unprecedented programme to transform many of its traditional branches into what it calls service outlets designed to serve personal bank customers. As part of the pro-cess Midlaud is taking much of its bank office work out of the branches into regional opera-tions centres, thereby allowing more space for customer contact. Large corporate banking business has already been transferred to a new regional network.

Operational

The scheme should be fully operational by 1985 when the clearing bank will comprise 2,500 service outlets, many manned by women, which will be aimed at the retail market and the transfers of money and the transmission of money and selling a wide range of personal financial services.

Developments along these lines put a question-mark over the future of the clearers' own finance houses or HP sub-sidiaries, which have tradition-ally been used as a vehicle to cater for the borrowing needs of the weekly paid. One possibility being considered by one major clearer is that the finance house subsidiary should now become the main vehicle for its thrust into the unbanked field.

While the clearing banks have been searching for new ways of attracting the Great British Unbanked an entirely new force has emerged in the retail bank-ing marketplace. This is the

no active clearing bank by getting people who may well Trustee Savings Banks move-account." Si r Anthony warned not have a bank account to use ment, within which 17 regional national basis. Its significance is discussed in another article in this survey.

The clearers are also worried about the building societies gradually becoming retail banks. At present the societies attract savings than the banks, but they are now being challenged for both savings and mortgages by the big clearers. The eventual outcome is disputed within the building society movement, but some of its leading executives are prepared to say that a move to provide more banking services is inevitable.

While all this is going or among domestic participants in among domestic participants in UK retail banking a whole series of new foreign-owned institutions have begun to emerge. These fall into two emerge. These rall into two groups. At least four U.S. banks and one Canadian bank have subsidiaries operating in the retail market, while a further five non-banks from the U.S. also have subsidiaries in the U.K.

The bank-owned group includes Citibank, Royal Bank of Canada's Western Trust and Savings, Security Pacific, Bank of America and First National

Bank of Boston.

Among the non-bank-owned group are names like HFC Trust, Beneficial Finance, Avco. Associates Capital Corporation and Commercial Credit.

There are a number of similarities between these new entrants to the market. All of their UK subsidiaries have, or had, some identification in the past with the finance house business. Today most are at various stages of transformation into retail banks offering people both savings, loans and current account services.

These North American insti-tutions have highly ambitious

expansion plans as they go out to attract the unbanked population of Britain

Michael Lafferty

Credit outside the main lines

THE CREDIT industry outside Provident also argues that so the major banks and their far as the bulk of its customers finance house offshoots is diffuse and fragmented, and almost exclusively concerned with finance

for the consumer. The retailers have long offered credit facilities to customers. The major stores groups in par-ticular have a tradition of operating in this field, and comlimited forms of credit. And check and voucher trading is an equally important source of retailing credit.

Where the independents overlap most with the banking system is in the area of personal loans, but even here there is a considerable gulf between the two lending philosophies. The check and voucher traders oper-ate large personal loan books, but their business is carefully tailored to the weekly wage earner, an element of the UK population which the clearing banks have—until recently chosen largely to ignore.

() the two companies that dominate the documentary credit business-Provident Financial and Cattles' Holdings— the former is far and away the largest. Privident's share of UK check and voucher trading is something like 60 per cent but personal foan business is just as important. At the end of last year group receivables totalled £193m of which around half stemmed from personal loans.

The company places a ceiling of £1,000 on personal loans but on average actual loans tend to be much smaller. On a oneyear repayment cycle, Provident lends on average around £180 per loan, rising to around £300 over a two-year repayment period. In practice, though, re-payment periods are far shorter. Of receivables due at the end of last year, some 62 per cent was accounted for by amounts due for repayment in six months

In broad terms a one-year loan of £100 undertaken with Provident would be repaid as £135, while extending the credit to two years lifts the repayment sum to £158. This is sound business for the lender by any standards. But Provident does have to finance its agents, who take $7\frac{1}{2}$ per cent of all they collect, and the company does not-as yet-have the ready access to the cheapest available finance in the way that a clearing hank operates. .

Provident also argues that so are concerned the real cost of loans is meaningless. What the weekly wage-earner demands is cash in hand, freedom of spending power and small readily identifiable amounts of cash which have to be handed over on a set day of every week.

Much in the same mould, panies like Great Universal Cattles operates from a geo-Stores and House of Fraser run graphical spread only just short Cattles operates from a geoin-house banking operations. of that at Provident, although Mail order, too, provides the consumer with effective if thinly. Cattles' has 150 High Street branches under the Shopacheck label, taking in South Wales. Northern Ireland, Scotland, the Midlands and the

North-East. Personal loan averages out at around £100 per loan and repayment is restricted scheme aimed at extending this form of credit for a full 52 weeks left the company in no doubt that it should stick to a half-year repayment cycle—a time-scale that customers identify with far more readily. Cattles' operations take in

insurance broking and property but the bulk of profits stems from check trading and its loan portfolio. It has been pushing hard for new loan business in recent years. All business is financed from short-term borrowing from the banks. No views are taken on the future course of interest rates and as a result all group debt has a maturity of less than 12 months.

At Provident personal loans provide the group with most of its profits. These totalled £9.2m pre-tax for 1979. Documentary credit brought in £1.8m, personal loans provided £8.2m and the rest of the business mostly made small losses.

Provident's personal loan book has the advantage of a full banking background in that the company owns a small bank, the People's Bank, which operates from eight branches, three of which are in the South of England. The company plans to open some half a dozen further outlets over the next year or so.

The People's Bank operates a full banking service and also stays open six days a week on a nine to five o'clock basis. There are no bank charges, current accounts earn 2 per cent interest and deposit accounts repay 15 per cent, which is a point or so above that offered by the clearing banks. Cheque books come with a £50 cheque guarantee card.

Jeffrey Brown

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Savings Banks thin which 17 feet banks co-operate basis. Its significant another at earers are also be amazing turn of speed as the increase their lending. management.

During the 1960s the TSBs began to distance themselves from the National Savings Bank than the black now being challed savings and more big clearers. The come is disputed a society mass. and introduced current accounts with cheque books, as well as to avoid alienating their exist-selling life insurance and their ing customers. At present TSB own unit trusts, and offering a rates of interest are thoroughly wider and more interesting uncompetitive as they build up thoice of savings accounts the reserves they will need to Recently they have been doing qualify for fully recognised everything they can to improve the yield on their assets by lending money to customers. which they were forbidden to do until 1976.

The TSBs have a lot of work to do if they are to achieve. There is even a nanger that their rarget of lending out the TSBs will move out of the

THE UK and Trustee Savings Bank

IT HAS taken only five years to about one third of their proverbial frying pan into the turn the sleepy old trustee deposits by the mid-1980s but fire — from shadowing the savings banks (TSBs), into a they already have the main National Savings Bank to dynamic new force in British planks in place. These include shadowing the clearing banks banking. Since the Page Com-their own credit card and a For example, the introduction banking. Since the Page Com- their own credit card and a For example, the introduction mittee's recommendation that battery of personal loans, as of business accounts and busithe TSBs should come out from well as overdrafts, house pur-ness loans has rather spoilt behind the Government's skirts chase loans and even loans to their claim to be the one bank they have done everything small businesses. As customers asked of them and are now well have been rather slow to take on the way to becoming fally advantage of these novel recognised and independent facilities the TSBs have just banks. There is only one by in arranged to take over UDT's the comment—the contents well established hire purchase are not showing quite the same business. This will massively

Transition

In achieving the transition from their old form to their new, the TSBs have to tread carefully to avoid alienating their existqualify for fully recognised banking status. So far they have been quite successful in retaining their deposits and in get-ting customers to switch over from the moribund savings accounts to current accounts. There is even a danger that

where personal customers never bave to take second place behind the needs of business customers.
With over 10m customers

and about £6bn in deposits, the TSBs already compare in size with the retail business of the biggest clearing banks. They already have the sort of balance between current accounts and savings accounts that the clearing banks are seeking to achieve. With their down-market image and unique Paysave scheme for deducting savings directly from wages they have a head start in the forthcoming battle for the accounts of the unbanked population, Indeed, when the Page Committee argued that the TSBs should become the "third force" in British banking it may well have set its sights too low!

By a Correspondent

Allied Irish Banks

and plans to open five more in ihe n**ex**t two yèars.

In the early days, says the bank's area general manager for Britain, Mr. Gerald O'Mahoney, the emphasis was strongly ethnic. The decision to enter the British retail banking market was taken in 1970 because of the limited expansion prospects in Ireland. With over a million adult Irish in the UK, the market here was felt

to be wide open. But the main thrust is no longer towards the ethnic market. At present, around 60 per cent of the bank's UK business is reckoned to be ethnic, a proportion which is on the decline. Its branches are no longer designed to cater mainly for Irish customers, and it is trying to attract other clients who want more of a personal service than the large clearing banks provide.

"We believe the future of the bank here is bound up with our breaking more into the non-ethnic side of the market," says Mr. O'Mahoney. "Emigration to the UK from Ireland is virtually a thing of the past. We are now tailoring our approach to second-generation Irish and the non-ethnic market."

Through one of its three original constituent banks, Provincial Bank of Ireland, Allied Irish Banks has been represented in London since 1825. The second UK branch was established in 1932 in Birkenhead, on Merseyside, to

serve the cattle trade. Starting with the London distrades unions and free banking opened ten more branches in

in the UK, Allied Irish Banks three in Glasgow and four in have recently been enlivened by still feels it has only touched Birmingham. In addition, its the break between the Irish the tip of the iceberg. At finance arm, Allied Irish Finance pound and sterling.

Company, has 19 branches and By far the largest slice of the l

customer is the small business-

ject a warm, up-market image. Monetary System. says Mr. O'Mahoney. It has also had a merchant

AFTER SEVERAL years of 1973. The present total of 33 bank in the City since 1973, building up its branch network includes 13 in the London area, while its international activities

By far the largest slice of the is also expanding.

bank's foreign business—30 per
Allied Irish Banks' ideal new cent of the total—is in the UK (including Northern Ireland). It man or the individual who feels also has branches in New York his income and prospects en- and Chicago. Last year profits title him to a high degree of dipped from Ir£41m to Ir£40.4m, service and advice in com-fortable surroundings. Its central bank curbs on current branches are appealingly account fee rises, and the consedecorated and laid out to pro- quences of joining the European

Andrew Fisher

Bank of Ireland

WITH ITS 16 UK branches, elderly savers depositing £500 Bank of Ireland is less extensively represented in UK bank- attracted a great deal of interest ing than Allied Irish Banks, from a market that the bank which it leads in total profits. Bank of Ireland has proceeded at a more leisurely pace since it put its first branch this side of the Irish Sea in London's Shepherds Bush area, followed closely by another in the City. One of its three founding mem-ber banks, National Bank, actually had offices in Britain in the middle of the last

ager in Britain, estimates that about 30 per cent of its UK business is non-ethnic, the aim being to enlarge this still further. As with Allied Irish banks, the chief emphasis is on building up a close relationship with the customer.

heeled customer is clearly the now has 37 branches.

most sought after. 'We are aimleg for more cost-effective bankfinancial year to March 31, 1980 trict of Kilburn, which has a bid to catch more of the over-by large Irish population, the bank 60s market, it recently launched tax. bid to catch more of the over- by lr£6.5m to lr£42.2m before the Golden Years Club, offering

from a market that the bank feels has been neglected.

Bank of Ireland's present branch network in Britain in-cludes six in London and three each in Manchester and Birmingham, with three more planned in Glasgow, Croydon and Southampton. The bank is looking at other likely locations and may well decide on two or Mr. Louis Hansard, Bank of sites where the major UK Ireland's assistant general manager in Britain assistant three more next year. Some of rationalisation.

The bank also has a finance subsidiary called British Credit Trust (BCT), bought a couple of years ago from Northern Foods at a cost of £11m. The purchase was made to add some palancing consumer business to Although small accounts are the industrial thrust of its existnot turned away, the better ing finance house business. BCT

says Mr. Hansard. In a was not an easy one. Profits fell

A.F.

There's more to St Quintin than meets theeye 2. Agency Linvestment 2 Agency 3. Development 4. Valuation: 5. Management and Building

Co-operative Bank

not co-operative at all in the trades union bank which could European sense of a locally based bank with local decisionas the internal banking depart-ment of the Co-operative movement it has only recently been a serious contender in the retail today, it is riding on the crest of the wave.

of the wave.

As things stand now the Cooperative Bank is still relatively
small, with about 700,000
customers and £600m in
deposits, although it has enjoyed found a way of reaching out to
those who do not yet have
the decade of hectic growth. evings loans ander Among its strengths are its accounts by issuing "Handy-political affinity with the trades cards"—a budget account card unions and with the Labour which allows customers at over Party, which brings it business 1,000 Co-op shops to purchase from Labour-controlled local authorities and working men's basis. Most of the 50,000

bring it some competition.

Another strength is its unique making—quite the reverse branch network. There are only indeed, because it is one of the 66 full branches but these are few banks with a branch net supported by two types of work covering the whole of service available at Co-operative Britain. Originally established retail outlets. At nearly 900 as the internal banking depart. "Handybank" points customers have access to most banking ment, it has only recently been services, while at nearly 4,000 a serious contender in the retail "Cash-a-cheque" points they banking market. But with a can withdraw cash from their new head office opened last accounts. Despite these facili-week and a new branch opening ties, there does not seem to have been any great upsurge of

goods on credit on a revolving

Handycard " women without bank accounts Not only are they potential account holders; they represent a valuable lending outlet for the Co-operative Bank, which has always tended to be rather underlent.
With endorsement from the

for all those who remain in Britain from late 1970 to early higher rates of return for credit, the Co-operative Bank is in a good position to continue its rapid growth by picking up the accounts of workers opting to receive their wages through the banking system. In the long term the success of the bank may depend on having made the right decision in identifying itself so closely with the Cooperative movement. The Cooperative Building Society decided that such identification was more of a liability than an asset when it changed its name to Nationwide. As it happens. Nationwide Bank would be really quite appropriate.

By a Correspondent

Credit Unions

feisen's name is virtually unas co-operative banks and in

are signs that things are begin-Credit Unions Act, which provides a framework—albeit a rather restrictive one in which they can grow.

.The key feature of credit unions is that members have to se linked by a common bond, which may be locality, em-ployer, church or even ethnic unions and most other financial institutions is that members are

common bond is held to make fraction of the cost they would

Counselling

Another feature of credit unions is the social role they play by credit counselling helping people out of the financial straits they have got into. Credit unions in North America frequently have to disentangle members from their hire purchase and credit card overcommitments.

The North American credit unions started from the same modest beginnings as in Britain but they now offer a full range background. One of the main of services including money distinctions between credit transmission, house mortgages and even their own credit cards. The bigger ones have networks of bright shiny branches, with

and the latest in branch counter terminals. In Canada nearly 40 per cent of the population belongs to a credit union and in per cent. In both countries credit unions have been grow-ing significantly faster than the At present there are roughly

70 credit unions in Britain, with a total of 10,000 members and deposits of about £1m. Despite their tiny size, it would be un-wise to dismiss the challenge of the credit unions out of hand, given the success in Britain of the building societies—a move ment which had very similar beginnings. However, must be a suspicion that the movement has come to Britain too late to represent a serious challenge to either banks or building societies, especially if. as seems likely, the established institutions take a greater interest in providing consumer credit at competitive rates dur-ing the next decade.

By a Correspondent

known in Buitain, but in other, lending much safer as bor-countries he is tonounce as the rowers will do everything to founding father of the world- avoid letting down their friends wide co-operative credit move- or colleagues. Certainly credit the U.S. the figure is over 20 ment. In several major unions will lend to people who countries this movement has would be rejected out of hand been hugely successful—in by conventional lenders. In the been hugely successful—in by conventional lenders. In the Germany and the Netherlands UK members can borrow at a Canada and the U.S.A. as credit have to pay elsewhere.

In Britain there has been little interest in either branch of the Raiffeisen ideal, but there ning to change. Last year credit unions were legitimised by the

THE SAU truth is that National bank had to offer its customers Girobank, through no fault of cheques to compete with the iffs own, has falled to Iuial the banks.

objectives of those who campaigned for its establishment. As with telephone systems, paigned for its establishment there is little point in joining instead of offering a dynamic the system until there is a alternative to the clearing worthwhile number of customarks, appealing to those with only accounts and providing a click new system of money and with only 850,000 customers out paint accounts and money and with only 850,000 customers transmission. It has become it is doubtful if it will ever transmission, it has become little more than a pale imitation of the clearing banks.

The postal giro concept is en a single document which serves to debit the on its payer's account and credit the bank payee's account In many Continental countries the postal giro established such a pre-modest overdraft facility eminent position that banks had current reversed in Britain, where Giro six-monthly balance, excellent

have enough to get giro trans-fers properly established as a national payments system. Girobank will have to be judged on its merits as a conventional

Among Girobank's interesting services are a accounts. to introduce their own version to accounts which pay a bonus compete. The situation is quite calculated on the minimum

brotherhood of postal giros, and the now famous cash receipt services for big retailers and public utilities.

Coverage

As a postal bank Girobank has no branches of its own but for drawing and paying in cash customers can make use of the network of over 20,000 post offices throughout the UK. Their longer opening hours and better geographical coverage should give Girobank a distinct advantage over the clearing banks, but there is a feeling that all is not quite as efficient as it should be. This is reinforced by Girobank's planned experiment with a number of specialised Girobank counters at post offices.

With deposits of some £400m Girobank is really rather small and represents no threat to the clearing banks. High interest rates have enabled it to show a profit but it is very exposed to any fall in interest rates. The number of customers has grown by nearly a quarter in the last 18 months but Girobank desperately needs to increase the value of deposits per customer. Its offer of free banking to those in credit is very attractive but does nothing to encourage balances to rise. Nonetheless, Girobank will no doubt continue to play a supporting role in British banking, though not the starring role that its promoters originally had in mind.

By a Correspondent

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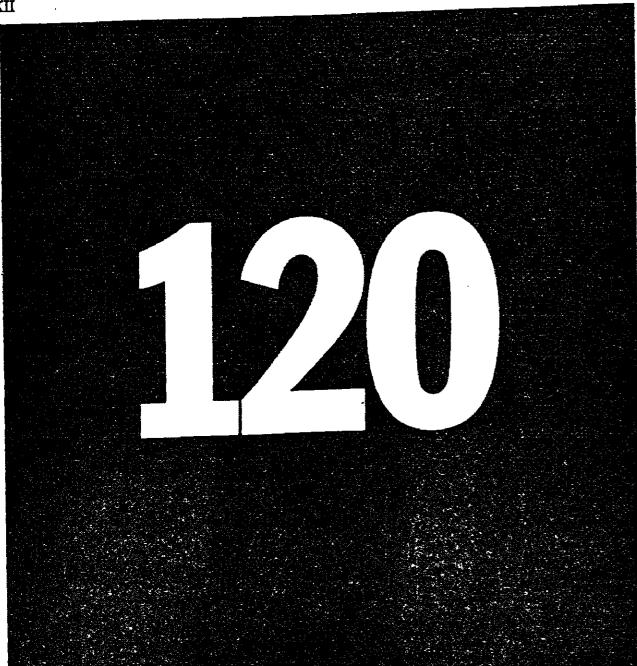
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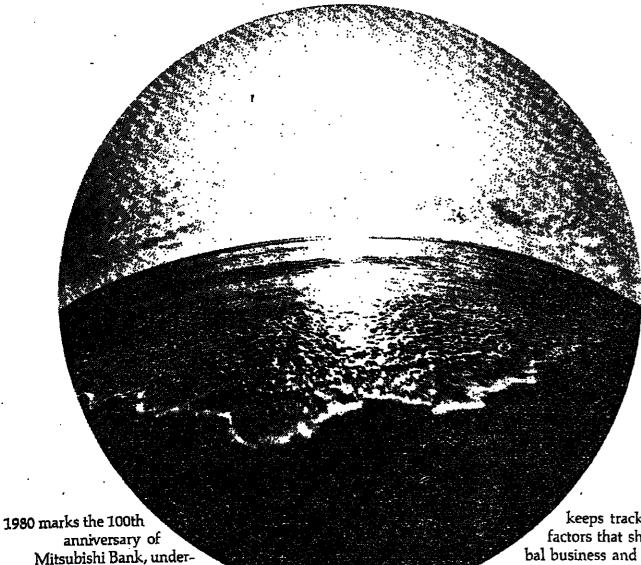
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OFFSHOOTS FROM **PAKISTAN**

Habib

HABIB BANK, established in 1941, is Pakistan's oldest and largest bank Currently its capital funds stand at over US\$50m, while its total asset base exceeds US\$3.5bn.

Habib first started operating in the UK with a London office opened in 1961. The chain has developed to a current total of 23, including seven branches in the London area, two in Birmingham and three in Bradford, with the remaining 11 dotted around the country in areas such as Manchester. Luton, Blackburn, Glasgow and

In the global sense Habib's major expansion of its branch network has been carried out in the UK—apart. of course. from Pakistan. The parent bank's latest report and accounts dated the end of 1979 showed that of the 76 overseas branches it had at the time (there were 1.812 domestic outlets) 22 were in the UK. The next largest grouping was 19 in the United Arab Emirates followed by 14 in the Sultanate of Oman.

Consolidation

new branches has been modest. At the beginning of 1976 Habib had 20 branches in operation. Two were added during that year but since then only two more have been opened and one was closed in 1978. The Habib team do not foresee any real step-up in the new openings programme. Their plans are to open a couple more branches over the next five years. They say that their future development programme envisages expansion with "more and signifi-cant emphasis on consolidation."

One of the main difficulties, it appears, in developing new outlets is in getting hold of trained staff. In addition, the bank is reluctant to expand rapidly, preferring they say, to take it steady and make sure that internal systems remain

Like most other Pakistani banks Habib's main London tions. Deposit facilities in all currencies are provided for members of the public and corporate bodies and the bank caters for finance requirements in sterling and foreign currency. The other services include international trade financing and general advice for individuals and companies. Habib is a "recognised bank."

The branch network dotted around the country is hasically there to service the Pakistani community with the usual per-sonal banking facilities. The hranches also play an important role in channelling funds from Pakistani residents back to their dependents at home. In 1979 the Habib Bank as a whole handed remittances of this kind amounting to 8.9hn rupees (£383m) against 6.3hn rupees (£270m) in 1978. These came mainly from the UK. U.S. and Middle East.

presence felt in London during 6,000.

families at home.

pansion plan in the UK.

undertaken an aggressive ex-

To date Muslim Commercial

is operating 25 branches in the

UK, of which three are in

London—a Park Lane office

having been opened this year—

four in Bradford, six in Man-chester and six in Birmingham.

Others are spread from Glasgow to Bristol. In terms of

actual UK branches this puts

ranks No. 4 in Pakistan, ahead

of even Habib Bank. The bank

has "recognised bank" status.

This rapid expansion is obviously aimed at the (Paki-

stani) immigrant population and

there are areas yet to be tapped.

according to MCB. For one of their branches to be viable, the

MCB team believe that they

need around 3.000 private

customers. Mostly these cus-

tomers would fall into the

category of manual workers.

For the UK as a whole around

55 per cent of the population

has a bank account but among

the immigrants the percentage

Customers

Commercial, which

Muslim Commercial

MUSLIM COMMERCIAL Bank, is far smaller. Thus to support which was established in a branch the ethnic community Pakistan in 1948, first made its would have to be well over

1965. Before bank nationalisa- One of the problems that tion in Pakistan in 1974 the Muslim Commercial faced in its

bank had developed only six regional banking development

branches in all and four receiv- is illiteracy among Pakistani

ing booths, which just took in immigrants. Some cannot write money from Pakistani immi-grants to send back to their actually had to check back to see

nationalisation the bank has victims of the last war were

Since what the UK clearers did when

because of disablement.

of business.

flattened out.

unable to sign their names

activities are centred around

trade with the Third World.

Muslim Commercial was largely

dependent on trade with Paki-

stan. This has become less the

case in recent years, though it still accounts for the lion's share

The current recession is

having an impact on activity as

the volume of UK export con-

tracts. For example, Ford was

exporting around £1 of tractors

a year to Pakistan, business that

Muslim Commercial handled, but trade this year is down for

obvious reasons. Also imports into the UK from Pakistan have

Meantime its branch network

is feeling the pressures of a growing numer of unemployed

among the Pakistani communi-

ties as the recession deepens.

Nevertheless the parent's

domestic business is growing

and the London operation is

still looking to the future with

bank's international

branches in areas such as home country—activities in Birmingham, Bradford, Glasgow which London must play a and Manchester. Mr. Khan is significant role. Population

As with most banks with international aspirations, the National's move in setting up an office in London was an obvious step. Today the parent bank, which is probably the second largest in Pakistan, has offices spread across the world from New York's Wall Street to Hong sufficient ethnic population to catch from Finsbury Circus a full support a new branch where population

range of international banking services are provided, with the bank's main corporate business geared to export and import operations. However, the bank says that it is in no way tied to trade with Pakistan.

now general manager in London and his staff has expanded to 60

in the Finsbury Circus office

alone. The bank has achieved

The parent bank's last balance sheet dated December 1979 showed total deposits and other accounts at 18.6bn rupees (£800m) of which some 18 per cent was shown as deposits to compete actively with each abroad from banks. Total other and thus it must be inadvances, taking in loans, over-creasingly difficult to find sites abroad from banks. drafts and bills, were shown at -where a branch would not take

It opened its first CK granch in rakistan. Obviously these despite nationalisation Mr. London during 1954 with a staff figures include more than the Khan says that his bank still of just seven. Since then the London operation but they do bank has opened two more in give some indication as to the bank which sees no need for London and eight other regional bank's activities outside its rapid branch expansion.

the status of a "recognised 1975 it opened two. Attempts open new branches, but for one reason or another opportunities banks.

have follow through Certainly Obviously have fallen through. Certainly there are plenty of areas with the National Bank of Pakistan is not represented. Indeed, there are plans afoot to open in Edinburgh and branches

London's Balham. One factor behind the slug- in the field of lending. gishness of new openings is that the five Pakistani banks-Allied, Habib, Muslim Commer- more involved in the internato compete actively with each giants in London it is in there other and thus it must be infighting for the business.

National Bank of Pakistan MR. I. U. KHAN was with the 9.4 on rupees (£405m), of which business from one of the other national Bank of Pakistan when over 12 per cent was outside nationalised banks. Moreover despite nationalisation Mr.

All new openings by any of the nationalised Pakistani banks have to be cleared by the central bank, the State Bank of Pakistan. It is up to the individual bank to put forward The bank's development of a case for the viability of a branches outside of London is new branch before it will be described by Mr. Khan as have given the go ahead. No propoing been steady. It is nearly sals by the National Bank for five years, however, since the new branches in the UK have bank opened a new branch. In been blocked by the State Bank but the over-view the governhave evidently been made to ing bank takes must be some inhibiting factor for all the five

> branches are developed to catch the local immigrant population, though of course there is no restriction on customers. The National Bank's policy is not to try and take on the traditional UK clearers as some foreign banks are doing

For the future Mr. Khan sees the UK operation becoming cial, National and United—were tional scene and though all nationalised in 1974. Since National Bank may be small then it has made little sense competition for some of the

ment claims that the bank handles a great deal of Arab

money. It is also trying to make

its name in the merchant bank-

ing field aiming, its booklet

claims, to provide a "highly

personalised and professional

In the provinces BCCI

situates its offices largely to ser-vice local Asian communities

with personal banking facilities.

BCCI says that the majority of

its UK branches are making a profit though some, which have been relocated and incurred

extra expenditure, take time to

get back into the black.

service."

Bank of Credit and Commerce International

As the UK arm of an over-

seas bank BCCI can still go on

calling itself a bank in this country but only as long as the

description "licensed deposit-taker" appears in accord

taker" appears in equal prominence wherever the bank's

name is used. BCCI has until

next June to conform to this

Initially Bank of America

held a 25 per cent stake in BCCI

but it was clear some years ago

that the relationship had

America wanted a direct involvement in the Gulf area

rather than through BCCL In

become uneasy. Bank America wanted a d

standard.

In recent years expansion of FORMED IN 1972, the Luxem—"licensed deposit-taker," the pleted the sale of its holding new branches has been modest bourg-based Bank of Credit and lower of the two categories to other BCCI shareholders. In London BCCI's managefast expanding brainchild of Mr. Agha Hasan Abedi. Born in India, Mr. Abedi worked with the Pakistani Habib Bank and helped establish the United Bank of Pakistan before setting up BCCI in 1972. Backed by Middle East money and the Bank of America, BCCI was launched with an initial capital of just \$2.5m.

Today it boasts 45 UK branches, of which 27 are in London, and a further 145 offices dotted around another 40 countries. Initially BCCI's activities were concentrated in the Gulf area but as the oil money flowed towards Europe, in particular London, BCCI followed.

The balance sheet for the group for the year ended December 1979 showed total resources standing at \$3.9bn and BCCI office offers a full range of made a pre-tax profit of \$34.8m office offers a full range of in the year. In all about a international banking operating quarter of its business is in the

Oualified

However, possibly because of its mushrooming growth, BCCI suffers from a poor image in the financial community. This has not been helped by having its last accounts qualified by auditors Ernst and Whinney in respect of unprovided loan losses relating to Iran. BCCI says that it has never written off any loans since its formation. The balance sheet includes a loan loss reserve of \$24\fm; BCCI's exposure to Iran was put at \$8m while the management thought the loss would not exceed \$21m.

A more damaging blow to its image came this summer when the Bank of England refused to the UK. U.S. and give BCCI full "recognised bank" status. Instead BCCI full bank status instead bank as been classified as a

July this year it finally com-To Future

Generations, Security



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UK BANKING XIII

THE AMERICAN CONTINGENT

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Citibank Trust

WITH 41 branches in the UK finance and personal loans. In many as 100 branches by 1983, and loans outstanding of 1972 it became known as Citi- thus forming a considerable around £185m, Citibank Trust, the subsidiary of the New Yorkbased Citibank group, is the after the acquisition of the parent organisation, no small pretotype organisation in the Campbell and Lincoln Finance consideration in an often risky battle for a stake in the retail group, a Lincoln-based finance business. pretotype organisation in the battle for a stake in the retail. banking trade.

Tess than a fortnight ago ciribank Trust decided to step, up its attack on the UK market by bringing forward the converston of all its 41 branches into "Cithank Savings" outlets from 1983 to 1981. There are already eight trial offices operating in London and the Midlands. Catibank, which can trace its

tik roots back to 1964 when it was a finance house called fairentide Trust, launched its first salvo at the four major clearing banks last May when it started offering competitive anking services in the eight rial branches. The results have en successful enough to warriffs a national acceleration of size of the UK savings market is the retail banking campaign, around £900m, he said.

The bank's services include

the Laurentide Trust in 1967 operation. The newly renamed effectively a hire-purchase group subscriptions.
which specialised in motor-car (Citibank is hoping to open as

American overlords of the Citibank empire have made no secret of their desire to penetrate the UK retail banking sector and plans have been laid carefully for the long march. While no one is suggesting that Citibank can cause much pain for the likes of Barclays or National Westminster, there is no doubt that Citibank's goal is to siphon off savings funds from the major UK banks and the

Mr. Paul Cohen, a director of Citibank Trust, explained that even a slow growth rate in the UK savings market represented a large movement in monetary terms. This was because the

When the First National City something called a "Tandem Bank of New York first acquired Account" which allows customers 13 per cent interest on there were six branches in a modified current account and lets them borrow up to 30 times National City Finance Trust was the value of their monthly paid

1972 it became known as Citi- thus forming a considerable bank Trust and a year later national network. The plan has there were some 25 branches the full backing of the New York

> But at Barclays Bank, the biggest of the big four, senior management is hardly daunted by the Citibank challenge. Mr. Deryk Weyer, vice-chairman of Barclays, said recently that he was "a bit cynical" about new retail banking operators because he felt they simply took advan-tage of the high interest rates currently prevailing.

> "We will meet the competi-tion head on," he said. In fact, Mr. Weyer's pledge has been borne out to a certain degree in recent weeks as each of the four major clearing banks has rushed out its new savings schemes to attract more funds. There can be no doubt that

Citibank means business and will move forward with its expansion plans. The conversion of all 41 branches into "Citibank Savings" outlets is expected to cost nearly \$1m, but there is more than just a financial commitment. The sector is hotting up and it looks as though

Alan Friedman throughout Britain and to

BankAmerica Finance

AMONG THE organisations involved in the struggle for a piece of the retail hanking ple, BankAmerica Finance. the UK subsidiary of the world's largest bank, is not the most active participant.

Bank of America, the U.S. parent, has made noises about entering the British market and has even begun to recruit additional staff for the UK offensive, but the Bank-America Finance operation is still a finance house rather than a fully fledged retail banking business.

Last March BankAmerica Finance announced plans to challenge established UK finance houses with a large programe of branch expansion and new deposit schemes. The idea was to enlarge the BankAmerica chain in this country from its present total of 12 to around 30 by 1985, a fairly modest increase.

At the same time, the BankAmerica group, which had a turnover of £30m last year, will expand its finance services to include first-time mortgages, white goods and industrial plant and industrial plant and machinery financing as well

as the HP motor car business. Mr. Geoff Marsh, managing director of the Reading-based company, also revealed plans to offer competitive interest rates on deposits of £1,000 or more. The goal was to be come a High Street activity ditional institutions.

Mr. Marsh said recently that the average size of a BankAmerica account is now around £30,000. He said the number of customers were equally divided between corporate and individuals.

Although there were . no immediate plans to go after savings accounts, Mr. Marsh did say that he was interested in bringing in smaller savers. He hoped that eveniually BankAmerica Finance would enter the retail banking market with fuller services, but at present it was a process of gradual development, "We now have a staff of 140. By 1985 this will be

about 250," he said. The first objective, he explained, would be to attain ranking among the top 12 UK finance Mr. Marsh also noted that

BankAmerica Finance is at present on the Bank of England's list of applicants under consideration to be-come a fully licensed deposit-taking institution. "We hope to receive this status in less than a year," he said. Meanwhile the organisation

continues to grow. By 1981 the amount of outstanding loans should be near to £55m, making the group a serious contender if it should decide to accelerate its entry into retail banking.

Consumer finance groups

ported goods and services is card. HFC, based in Bracknell, is about to be tried once more. still pressing for clearing bank This time overseas companies backing for its-cheque guarantee are not trying to sell cars, refrigerators or hi-fi equipment; card although it admits that the a number of U.S. financial insticlearers appear to have closed tutions and conglomerates are the door on the recognition of setting up what may come to new cards. HFC is, nevertheless, confident that the clearers will be a serious challenge to the be under real pressure from the new-style consumer banks. It big clearing banks for retail Leading names in the U.S. already operates from 92 branches and aims to open 25 consumer finance market are in the vanguard. Their new branches each year. Its base in the UK may be small net receivables at the end of last month stood at £63.4m, of as yet but it is designed to

Facilities

which £5m was secured. _

It offers the full array of banking facilities, with the exception of credit cards, and a typical unsecured customer might borrow £450. Secured loan balances average around £4,000. The bank offers continuous, or revolving, credit facilities where the usual loan outstanding is about £900.

If there is such a thing as the ideal unbanked potential customer, the banking manager, Mr. John Dalton, thinks it would be somebody who has paid council rent on the dot for 20 years and thus represents the ability, the stability and the willingness of a good customer. loan account customers, including 1,800 secured or mortgage loans, and 22,300 credit sale accounts. Like many of these newcomers it is still deciding There must be a suggestion that if the clearers have not sought to bring the mass of whether, and how, to offer credit cards. Aveo is linked with Visa in the U.S. and that might unbanked adults into the fold in the past they will not be bothered to compete up with Barclaycard in Britain. Mr. John The bank is also considering a vice-president

Mr. John Sutton, assistant

THE OFT-TESTED precept that link with Lloyds which already Britain is a soft market for imported goods and services is card.

Lloyds which already Finance, finds the clearers competitive "relatively competitive" although, like HFC, Beneficial

and its Security Trust subsidiary do not have clearing bank recognition of their cheque guarantee cards. Beneficial too is growing fast It currently has 56 branches

and aims to double that number in the next five years: Like its peers, the group sees a definite consumer preference for open ing during shop hours and the lending emphasis is clearly slanted to unsecured loans.

Only 25 per cent of its near-

£60m loan portfolio comprises secured lending on which the average outstanding balance is £2,700. Unsecured loans typically stand at a balance of £700. All these banks have concentrated on personal loans for their initial development for the unsecured loan market is certainly an area where clearing banks have been unwilling to penetrate too deeply. The customer would certainly pay for the trust of these aggressive retail banking entrants; Avco. for example, charges a true rate of 421 per cent for a £1,000 un-secured personal loan, some 10 points over the applicable loan

rate charged by a clearer— bank owned-finance house. It is unlikely, however, that Avco, HFC and the rest will be content to rest for long on this once particular platform. Credit cards will come, if the customer wants them, and there must be a reasonable chance that the banks will use their U.S. links to join some of the international credit card systems.

Ray Maughan

Boston Trust

should be marketed in a fashion similar to other consumer products: it fulfils a need can be

appeal."
This is the philesophy at Boston Trust, the UK subsidiary of the First National Bank of Boston. Through itself Manney-shops " around British, this bank aims to offer total Banking services in the High Breet. It is one of a number of manney-sized organisations."

Sized organisations of the main dearing banks with new and many dearing banks with new and many dearing part of the part of the programmes.

Boston Trust was funded in 1972 at a time their several foreign banks were considering penetration of the UK retail banking sector. Mr. Edgar

banking sector. Mr. Edgar Borton, general minager of Boston Trust, explained that market analysis in the early 1970s suggested to the U.S. parent that the British con-sumer was underbotrowed by international standards. "We looked closely at the

Crewther Report on consumer credit and controls and decided that although the laws would be modified, credit would be a greatly expanding business in

this country," he said.

Boston Trust remained in loss until 1976 and even last year it produced pre-tax profits of just £33,842. But Mr. Borton maintained that this was not important. "Our profit record has not been brilliant, but we have been concentrating on establishing a footbold," he

The approach of Boston Trust is very much genred to loans for consumer durables, cars and household goods. Although the group offers a valiety of retail. chequeing and savings accounts,

nearly 100 per cent of its busi-ness is in lending.

Mr. Borton said the average obtained from various sources Mr. Borton said the average and as with the High Sirect size of a loan is around £1,000 retailer, the outlet from which and the effective interest charge it is obtained should measure on unsecured loans came to 31 up to certain criteria con per cent. On second mortages venience, service and tistal and other unsecured loans the appeal." rate was closer to 27 or 28 per

> Perhaps more than any other group, Boston Trust is thoroughly imbued with the concept of attracting the borrower off the street. The group says it faces similar problems and overheads to those experienced by any retailer. These include rent rates advertising include rent, rates, advertising costs, wholesale prices, staffing costs and after sales service.

approach. Unlike some of its com-petitors Boston Trust is not branches: "We have been grow-ing at a rate of two to four new openings a year and we will con-tinue to do so," said Mr. Borton. This means that next year the

group should have 22 or 23 branches in operation.
Outstanding loans total just £18.2m making Boston Trust one fenth the size of competitor Clithank Trust. But Mr. Borton is not daunted and said the recent expansion plans unveiled by Citibank will benefit others. "If Citibank is successful in

making borrowers out of depositors, this can only help our cause," he said, It is a cause which will be pursued with some determination as the small retail banks plough out?

The year we arrived in Britain Kodak's Brownie box camera was the rage, Harrods'caviare was 12/6d a jar and

customers.

grow quickly. The leading re-

tail banking entrants include Avco Financial Services, Bene-ficial Finance Company, HFC,

Commercial Credit Services and

Associates Capital Corporation.

Avco, a major U.S. finance com-

pany, joined forces with Red

Dragon Securities earlier this

year and is thus free to offer a

full range of banking services

It already operates from 78

branches spread across the country and loans outstanding

to customers total £42.2m. Red Dragon has 6,000 customers and

one branch but AFS is a very

much larger animal with 52,700

provide the prossibility of a tie-

in addition to the traditional

and credit sale agreements.

Logie Baird had costs and after sales service.

According to Boston Trust, Moneyshops have to sell their products through advertising and other forms of promotion, rather than expecting the customer to make the first approach.

In 1922 when Bankers Trust opened in London, television was still a twinkle in Logie Baird's eye and only the shrewd could have guessed that Kodak's popular little box heralded the vast range of sophisticated pocket cameras we have today. Or seen that Harrods would extend its already enviable reputation in Britain worldwide.

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An International Banking Network of Branches, Subsidiaries, Affiliates and Representative Offices in more than 30 countries.

Western Trust

Country consumer mance come to develop the handful of pany called Western Trust, a branches into its own UK base, number of City eyebrows were but soon found this a costly arched. The price valued the company at more than twice its net asset value and 15 times fully taxed earnings.

fully taxed earnings.
In the next few weeks, however, it is expected that all will be revealed. It already seems to make good sense to obtain a foothold in the rapidly changing retail banking sector in the UK and when Western Trust holds its long available. its long-awaited Press conference it is likely that a major new programme of savings and loan products will be unveiled. At the same time Western Trust may join several of its competitors in amouncing plans to expand its network of branches from its present 18 to as many as 100 over the next few years. Unlike some of the competition, Western Trust has roots

which go all the way back to 1935, when a small hirepurchase company called Western Credit was started in Devon. No thought was given to anything like retail banking at the time; it was more a question of ice boxes and model T

2000

But in 1967 the group decided to offer retail banking services to the public. Within a short time it had launched its." Independence Plan," a programme which offered savers the right to borrow 30 times the amount of their monthly subscription. This offer, conducted through the post, was copied by several other finance houses. In 1971

matters a step further and opened its first "Moneycentre" branch in Cornwall.
Then, in 1974, Western got, caught in the fringe banking. crisis. Although it survived in- ficulties at the major clearing tact, the buffeting did not help its balance sheet as sources of

money began to dry up.

Western Credit decided to take

WHEN THE Royal Bank of in 1974 the runaderpun-Cinada pain more than filling National Bank moved in and last year to acquire a small West took over the group. It planned hast year to acquire a small West took over the group. It planned to develop the handful of

proposition. Last year the Royal Bank of Canada (RBC) appeared on the scene and the old Devon-founded group changed hands once more, this time for more than £10m. At the time there were 15 retail bank branches and around 100,000 customers. By tomers was 113,000 and 18 branches were operating according to the company.

Lord Hardinge, a vice-pres dent of the Royal Bank of Canada, has described the Trust business as a part of RBC's expansion plans in Britain. RBC is anxious to establish a network of branches with full banking services.

With around £80m of outstanding loans and £55.5m of deposit money, Western Trust is now reasonably placed to make a lunge at the UK retail banking trade. Its forthcoming announcement will present the results of a two-year long market research project about what kind of services UK savers

A spokesman for Western Trust said that some of the problems in the UK banking business included a lack of convenient hours, long queues at lunch-time and no payment of interest on current accounts. We are going after the unbanked and the unhappy," he

said. He added that this could mean a particular interest in blue-collar workers who do not normally deposit their wage packets. But Western's target group could also include those who are simply fed up with dif-

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FINANCIAL TIMES OF LONDON

Today's Financial Times Survey is going to appear a

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ance credits and interbank business, but rapidly became involved in corporate finance and most areas of the bank's **World Business**

UK BANKING XIV

This page carries profiles of four leading personalities in the banking world whose careers are entering a new and challenging phase.

Timothy Bevan

BARCLAYS BANK

TIMOTHY BEVAN, who takes over the chairmanship of Britain's biggest bank next year, is relatively unknown out-side the close-knit world of the London clearing bankers.

from occasional peeches at Institute of Bankers functions his rise through the ranks at Barclays has gone virtually unnoticed. Unlike some other clearing banks. Barclays likes to find its chairmen from inside the bank, and from inside one of the founding families if at all possible, Mr. Bevan fits the bill on both

Cores.

Unlike other clearing banks which have recruited prominent public figures to fill the chairman's post, Barclays has traditionally relied on professional bankers and Mr. Bevan is very much a professional.

In common with Sir Anthony Tuke, whom he succeeds next year, Mr. Bevan, aged 53, be-longs to one of the founding families. He is a direct descendant of Silvanus Bevan who joined James Barclay's Bank in Lombard Street in 1767 and later became a partner. His great grandfather was the first chairman of the new joint stock bank, Barclay and Co, which was formed in 1896.

Mr. Bevan's introduction to

the bank followed a familiar course. After a stint in the Welsh Guards, he was called to the Bar in 1950 and joined Barclays the following year. There followed a whistle stop the followed a whistle stop the followed a whigh the state of the s tour through the lower echelons of the bank including brief interludes in unlikely places like Preston, Bolton and Luton before he was whisked off to Paris to join Barclays Bank

S. G. WARBURG

man who spanned the gap between the uncles and the

nephews at Warburgs." He has

the trust of the old guard—the bank's founder, Sir Siegmund

Warburg, has alluded to him as an "adopted son"—and yet at 46 years he is not remote from

the younger men who make Warburgs tick. From this bridging position he is joint chairman, and effectively chief

say of Bulldog Drummond, "a

large man who can move at

A business friend calls him A business month to a perfectionist almost to a

build-up to a big deal one knows

him to pay daunting attention to detail, consistent with War-

does not derive from vagueness

but from the bustling pace he

sets himself. He likes to have a

hand in the things that matter,

rather than to sit aloof dele-

gating. He works long hours. He

does with little sleep. He is

known for rushing into meet-

ings late.
Mr. Scholey was educated at

Wellington, then Christchurch.

Oxford, and joined Warburgs in

1965 after working first as an in-surance broker in Canada and

with the merchant bank Guinness Mahon. He rose through the banking side of the bank which deals with accept-

Today he is viewed in the

Head Office

in Rotterdam

fault" and yet, curiously, little disorganised." From his handling of the media in the

surprising speed."

burg's traditions.

Bustling

in Warburg's rather

corridors. Yet in

banking terms he

David Scholey

ONE OF Warburg's major bank as an all-rounder rather clients calls David Scholey "the than as a specialist in any par-

executive, of the bank.

A well-rounded man in every

A well-rounded man in every

sense of the word, he is equipped for the role. He European universal banks on exudes a comfortable sense of one hand and big U.S. invest-

seems to be, as Sapper would from strength to strength. In a

The disorganisation plainly lems different from those faced

founder

DCO.

After nine months in France he was off again, this time to Cyprus, before returning to Britain where he soon emerged as a local director of Barclays

Lombard Street local head office —a sure sign that he was being groomed for higher things. In 1966 he was appointed a director of Barclays Bank and a vicechairman in 1968. Five years later he was elevated to the rank of a deputy chairman of

the whole Barclays group.

While Mr. Bevan's family connections undoubtedly helped him during his early career in the bank, his appointment to the chairmanship of the group was by no means a foregone conclusion the day he joined the bank. Much of his time has been spent on the UK side of the business and under his leadership the bank has become probably the most aggressive and innovative of the large clearing banks in the domestic

Barclays took the lead in pioneering its own credit card. Barclaycard, and its Business Advisory Service to help small and medium size companies solve their financial problems

has proved most successful. In addition, while he was in charge of the UK operations Barclays took two decisions which with hindsight look very well timed. The bank decided to pull out of United Dominions Trust before the secondary banking crisis and a few years later it moved back into this area and bought up Mercantile Credit which has flourished under Barclays control.

Maybe there was an element of luck in the timing of these decisions but they do reflect the knowing hand of an experienced banker. Barclays chairmen may not be renowned for the quality of their speeches, but at the end of the day they tend to be very

ticular discipline. He displays

the range of his grasp at the "morning prayers" with which Warburg executives start the day. "He has a striking ability

to ask exactly the right ques-tion." one colleague says.

At a time when merchant or investment banks no longer

appear to have any pre-ordained and naturally profitable niche in the business of finance, War-

ment banks on the other. Yet it is still too early to say

whether Mr. Scholey has the

"touch" to take Warburgs

showed clearly how Warburg's

upon a corporate plan and man-

agement system, but upon an intuitive seizing of chances and

a highly idiosyncratic way of

choosing, motivating and controlling people. The interview

also left the impression that

such a business can prove more

than usually ephemeral, unless

an exceptionally fortunate suc-cession is achieved.

by Sir Siegmund, who in the

early post-war years was a

break into the heart of the City establishment from scratch. He

has the second generation

problem of keeping profitable

an organisation which is 650-

strong-in the eyes of the

manned. The firm is now at

the top of the banking establish-

ment and has an international

dimension—most visibly through the Warburg - Paribas - Becker investment bank in New York.

Scholey the master saw enough all round ability to run the enlarged ship, but also enough

instinct to keep the old magic

Nicholas Colchester

Perhaps in "adopting" David

worryingly

newcomer trying to

was built upon instinct, not

William Hall

Christopher Castleman

HILL SAMUEL

IT IS not only youth which dis-tinguishes Mr. Christopher Castleman, newly appointed chief executive of banking and finance group Hill Samuel. But his impressive achievement in capturing so powerful a post at the age of thirty-nine, with advancement to chairman clearly signposted, was inevitably the focus of attention when the ap-pointment was announced in

Mr. Castleman returns to London from Johannesburg, where he was managing director of the Hill Samuel Group (SA) and its merchant banking subsidiary Hill Samuel (SA) since 1978. There he divested the subsidiary of its property interests, boosted merchant banking profits by a half and left Hill Samuel (SA) enjoying a record year in 1979-80.

He entered the present group He entered the present group through M. Samuel and Company, which he joined in 1963 after graduating from Clare College, Cambridge, with a first-class degree in law. M. Samuel merged with Philip Hill Higginson, Erlangers in 1965 to form Hill Samuel.

Reputation

It was in Australia that Mr. Castleman established his reputation. Appointed general manager of Hill Samuel Australia in 1970, he steered the operation through the perilous waters of the Australian stock market's boom and subsequent crash. "He man-aged," says present HS chair-man Sir Robert Clark succinctly, not to lose us any money." One observer of the boom

cites Mr. Castleman as " perhaps the most capable of all the overseas merchant bankers who

arrived in Australia in the late 1960s." He is given special credit 1960s." He is given special creat for seeing before anyone else the approaching crash of Mineral Securities, an investment group with which Hill Samuel was closely associated.

Mr. Castleman, an old Harrovian, made an impressive rublic debut on the Hill Samuel

public debut on the Hill Samuel main board at last month's annual meeting. The directors were closely questioned by pressure groups about the relationships between the bank and the South African Government. He proved a ready source of facts and figures, and an articulate defender of the arguments of

outgoing chairman Lord Keith.

The annual meeting itself crystallised the transition between old and new at the bank. Lord Keith stepped down after 36 years, during which he rose through the ranks of Philip Hill and Partners. Sir Robert Clark was there for a final taste of the chief executive's seat before succeeding Lord Keith, though as an executive chairman, while Mr. Castleman poised himself for Sir Robert's vacant chair.

Sir Robert is 56, and has said that he expects to cede his role to Mr. Castleman within four years. The City waits expec-tantly to see the new man's style, for there is certainly a feeling that Hill Samuel's full potential has yet to be seen. Last year's profits were flat, though there are bullish things being said for the current

With a strong corporate finance background, Mr. Castleman should be particularly well-placed to preside over the largest and plummiest list of corporate finance clients in the City. One of the problem areas which held last year back — Eurobond dealing — has been discontinued, with insurance broking the area most conspicuously in need of care and

Robert Cottrell





Tom Bryans

TRUSTEE SAVINGS BANKS

FOR TOM Bryans, chief general manager of the Trustee Savings Banks Central Board, the deal with United Dominions Trust announced last month is arguably the highlight of a long and distinguished career. For two years Mr. Bryans, a Northern Irishman who first joined the Belfast Savings Bank in 1938, battled personally to remove the many tax and regulatory hurdles which might have frustrated a TSB takeover of UDT's £450m instalment credit business. Now that the secret is out, the move has been acknowledged as perhaps the most important step so far in the TSB's progress to full banking recognition.

detailed programme for the TSBs' future was only drawn up between 1973 and 1976, the year of the Trustee Savings Bank Act. This fol-lowed the Page Committee report of 1973, which recom-mended that the TSBs, at that stage closely linked with the National Savings movement, should be taken completely outof the public sector and become genuine "third force" in banking. More than anyone else Tom Bryans is identified with the success of this policy to

"One of the requirements of the Treasury was that we should build up our reserves, which were practically non-existent in 1976," he admits. "This we have succeeded in doing quicker than expected and it is because of this that the Treasury has allowed us for the first time to use our own commercial judg-ment in arranging the UDT deal. This is certainly an achievement."

Educated at Royal Belfast Academical Institution, Mr. Bryans's first job with the TSB was soon interrupted by the war. In 1946 he rejoined the Belfast Bank as a branch inspector before being posted to Dungannon, Co. Tyrone, in 1953 as branch manager. He remembers his 13 years in Dungannon with particular affec-

tion, playing senior rugby for the town well into his mid-40s. Then came a call back to Belfast to review and rejig the Belfast Bank's accounting systems—the result being the and people (the staff and first fully integrated computer customers)." system in Western Europe. In 1971 Mr. Bryans became general

manager of the TSB of Northern Ireland before his elevation to Central Board in 1976.

One of the big questions now facing Mr. Bryans is the ultimate ownership of the TSBs. As constituted under the 1976 Act, they have a statutory responsibility to the Treasury which behind the scenes is quietly supervising each new TSB development in the banking arena. With among other services their own insurance subsidiary, unit trust funds, credit card, cheque account, the TSBs are certainly unrecognisable from the unsophisticated working man's piggy bank created by the Rev. Henry Duncan, founder of the first savings bank at Ruthwell, Dumfrisshire, in 1810.

On the other hand, with the vast majority of its £5.5bn of funds still lent to the public sector, the TSB's loan book is still in the early stages of development. Hence the logic of the UDT deal, which means that the expensive loans financing the instalment credit operation can be replaced with cheaper TSB funds.

Exempted

The TSBs, according to Mr. Bryans, is within two years now of full banking recognition, and responsibility for their supervision is at some stage expected to pass to the Bank of England under the 1979 Banking Act. At the moment the TSBs are exempted from the Act's requirements. As unincorporated societies without shareholders, however the problem of accountability has still to be resolved. "The TSBs feel that they need some form of incorporation, either under the Companies Act or in some other statutory form. At the moment there are a number of ideas but

nothing has been decided yet." Meanwhile Mr. Bryans is keen to banish the old-fashioned idea that the TSBs are trusts supervised by boards of trustees. Both inside and outside the bank he has been attempting to replace this image with a more democratic ideal. "Banking is about two things," he observes, "money (the raw material)

Tim Dickson

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The pulp industry in a vice

Australia in the le given special e before anyone AT ASHTON Sawmills in the Wye Valley they produce the stumps for County Cricket matches and the net posts for the Wimbledon tennis finals. me with which as closely associated They also supply the 130,000 tonnes a year of timber for made an impresuit on the Hill Sa Ashton Paper Mill which makes and, on the right at the corrugated bits inside corrugated cases—known in the trade as "semi-chemical fluting."

Ashton is one of a handful

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is about the less of integrated pulp and paper mills in Britain which use een fine bank and irea Government ready source of home-grown timber to make paper, and board for the packaging industry. In Scandinavia and of the argument hairman Lord Ke North America integrated mills

The collapse of a large part them a competitive edge in of the British pulp industry is world markets.

Significant not because it will lead to mexica £30m of imports at one end and eventually leave

The loss of control over the site: supply and price of one of the industry's two main raw of British paper companies materials (the other is waste decided to set up their own paper) is potentially far more integrated mills based on homeinvolved. Apart from Canada stem the growing overseas compean countries such as France vians in particular. The first in and Holland have made up their the field was Wiggins Teape, minds that there is a strategic need for a domestic pulp industry even if it loses money industry, however, is being left

tries, has announced that it is closing its loss-making pulp mill but not its paper mill) at Fort William -n Scotand and Bowater are the biggest integrated mills

half the UK pulping capacity. pulp and paper mills is simple unexpected. Robert Cotty

WILLIAM HALL looks at why integrated pulp and paper mills are in difficulties in Britain the plight of the UK forestry industry.

and explains why the North Britain's other integrated mills American and Scandinavian producers have come to control such a large part of the world paper industry By establishing are the norm but in the UK paper industry By establishing Thames Board at Wo they are a ratity and for a mills alongside their forests are either losing mon variety of reasons the numbers—they can produce substantial about breaking even. economies of scale which give

but hecause it throws into as newsprint, packaging board, question the long-term future etc. At the same time, the sawof large parts of the UK paper mills produce wood for the industry which have to rely on furniture and construction imported pulp for their main industry and the by-products provide fuel to power the whole

During the 1960s a number serious than the loss of jobs, grown timber in an effort to and Scandinavia other Euro petition, from the Scandinawhich established which established its Fort William complex in 1966.

Its mill cost £15m of which heavily. The shape of the UK 28 was provided by the Government following a special Act of Parliament. Based on a chemientirely to market forces. Parliament. Based on a chemi-This year Wiggins Teape, cal sulphite process the mill which is owned by BAT Indus- was scheduled to produce 80,000 tonnes of pulp a year.

· With hindsight the Fort William project was not soundly based. The pulping process was has said that it will close its inefficient (250,000 tonnes of Ellesmere Port mill. These two timber to produce 60,000 tonnes timber to produce 60,000 tonnes of pulp) and the plant was overmanned. Its problems have been visible for some time and The rationale for integrated the decision to close was not

But it is the plight of the tonne in western Canada. other integrated pulp and paper milis which is more serious. Bowater claims that its Ellesmere Port mill was as efficient as many in North America but it has been losing money heavily and now has had to be

Although the problems of exacerbated by the specific problems associated with the low price of UK newsprint, - Bowater at Kemsley, Kent, Ashton at Sudbrook, in the Wye Valley, St. Anne's at Bristol and Thames Board at Workingtonare either losing money, or just

The problems facing Britain's integrated mills stem from the fact that energy and wood costs are substantially higher in the UK than in Canada or Scandin-

Thames Board (Unilever)

Ashton (Mardon†)

TO BE CLOSED

Bowater

St. Anne's (Imperial Group)

Wiggins Teape (BAT Inds.)

The British newsprint industry is particularly hard hit but in other grades of paper the UK integrated mills are now finding it difficult to justify their existence. At Thames Board, which is in the process of trebling the capacity of its Workington mill at a cost of Ellesmere Port have been £100m, the deterioration in the competitiveness of integrated mills is causing concern.

> which involves raising the output of high quality cartonboard from 50,000 tonnes per annum to 150,000 tonnes per annum, was conceived when sterling was down at \$1.70. Since then the soared.

reticent about the economics of on imported pulp would find

BRITAIN'S INTEGRATED PULP AND PAPER/BOARD MILLS

avia and British prices tend to its new operation which is their raw material prices rising be linked to dollar prices which scheduled to come on stream while their product prices are

costs between Britain and other

causing it "particular concern." However, it firmly holds the

view that the expansion of

Workington is "essential to

prevent the virtual surrender of

the UK cartonboard market to

overseas producers."

12.000 dwellings.

western European countries is

that the disparity in energy ruptcy.

Mechanical

Mechanical

Mechanical

Thermo-Mech

Semi-chemical

Semi-chemical

Location

Bristol

Kemsley

Sudbrook

Fort William

Ellesmere Port

Workington

try. Thames Board's investment is not particularly large but in the context of the British industry it is beyond the reach of most companies. Given the combination of the scale of investment needed in new integrated pulp mills and the unhappy cost environment in Britain, it is unlikely that others will follow in Thames Board's steps.

However, the UK industry remains firmly committed to the The Workington project, need for a viable integrated pulp and paper/board capacity in Britain. If the British pulp industry is allowed to collapse, the Scandinavian producers which provide a large part of the imported pulp could put up pound has appreciated by two their UK prices while depressiffths and energy costs have sing the prices of their finished paper. This would mean that Thames Board is naturally British papermakers dependent

Timber

60

50

next year. All it will say is depressed-a recipe for bank-

In terms of the world indus- bizarre to say the least.

'000 tonnes Product

Board

Board

Fluting Newsprin

It is this thinking which underlines the strategic need

for a viable British integrated

pulp industry based on home

grown timber. In addition, the

fact that one of the world's

ducts is developing into a major

exporter of raw timber is

Pluting

pulp production. The shutdowns are all the more serious because now after 30 years of investment, new

50+

100

large areas of forest are just becoming productive. Much of this will now have to be exported to Scandinavia and reimported in the form of paper and other finished products, that would until recently have been made in Britain. For the Forestry Commis-'000 tonnes

THE CLOSURE of two of

Britain's six integrated pulp

and paper/board mills is a

bitter blow for the British

forestry industry. The two

mills had accounted for more

than a half of the country's

sion and the private forest owners the loss of a market for more than 500,000 tonnes a year of timber which results from the closure of the milis at Fort William and Ellesmere Port is a major problem. For by the early 1990s annual production will have risen from its current level of just under 4m tonnes a year to around 7m tonnes.

There are 4.2m acres of productive woodlands in Britain — three quarters of it softwood. Ownership is split equally between 3,700 private forest owners and the Forestry Commission which was established in 1919 to make good the timber depletions of World War I. The Commission is responsible to the Ministry of Agriculture in England and to the Scottish and Welsh Offices. Unlike forests in Scandinavia and

North America, much of

Britain's woodland is frag-mented and difficult to reach which makes costs roughly twice those of Canada. The paper and board indus-

UK TIMBER MARKET

try is the largest single user of British grown timber which provided 15 per cent of Britain's wood pulp requirements last year. In the context of the annual import bill of £2.75bn for timber and timber products, the import saving of £50m a year may seem small beer. But during the next few decades most forestry experts are predicting that there will be a world shortage of timber. Hence the British forestry industry has been arguing that the UK needs to reduce its dependence on imports from the current level of more than

Many forestry companies have their own sawmills and while the raw timber may be easily exported, the same does not go for the residues which provide feedstock for integrated mills and form the basis for other by-products.

90 per cent to some 75 per

cent.

The UK fibreboard industry is a good example of the interdependence of growers and processors: Cape Insulation is the only domestic softboard producer using domestic timber. It has slightly less than a fifth of the market and uses around 15,000 tonnes of wood a year. Like the papermakers it is suffering because prices have not risen (the Scandinavians dictate

price) and because of rising

energy costs, and is not making money. If it were to close, the timber growers would not be able to export the forest residuals which Cape now uses in its North Wales pulp mill.

CONSUMPTION

In Scandinavia and North America forest owners rely heavily on a healthy wood processing industry to ensure their own well-being. Thus the collapse of such a large part of their "captive" UK market dismays the British forest industry and makes it harder for it to compete.

Forestry in Britain only mploys 15.000 people directly in the forests and another 8,000 in support services. The mili closures will not cause massive redundancies among them because the trees will continue to grow, although demand for labour-intensive jobs, such as "thinning may be reduced.

· However, the closures will have long-term repercussions. Mr. John Campbell, the group chief executive of Economic Forestry Group which is the biggest private grower, believes that Britain is making itself extremely vulnerable by neglecting its own industry.

"It would be a disaster if the UK forest resources which have been so painstakingly created over a period of half a century were to become a huge logpond for Scandinavian friends enabling them to hold us to ransom over prices for the end-product," he says.

Letters to the Editor

have been wilting under the

the leading Finnish consultancy

firm, energy costs per tonne of

newsprint made in Britain amount to £65 per tonne, com-

pared with £30 per tonne in Sweden and £17 per tonne in

western Canada. On wood costs.

UK newsprint contains £42 per

tonne compared with £20 per

According to Jaako Pöyry,

appreciation of sterling.

High interest rates

From Mr. J. Malthy Sir,-On October 25, 1979, you-kindly published a letter from me on the subject of high interest rates. Since this is still a much discussed subject I would like to dear attention to these areaments that I put forward then.

I suggested that the level of borrowing is not particularly price sensitive. This would appear to be borne out by panies are to lose specially experience over recent months trained staff because of liquidity agg indeed it can even be argued that large interest burdens lead to increased bostowing to mance short-term cash requirements High interest, rates have a

depressing effect on industrial investment in that probable returns obtainable from such investment are insufficient to justify the borrowing probably necessary to undertake the investment and may equally not be attractive compared with the relatively secure return available from depositing any sur-plus funds with the banking

These two elements now appear to be recognised and are being more widely debated. My third point, however, so far seems largely overlooked. This was that high interest rates in themselves have a significant inflationary effect. I have heard manufacturers claim that anystates is the large cent of the final price consists of the cost of money t mater than of materials and services. There is, therefore, scope for improvement in our inflation rate if we can bring the cost of money down. This is evidenced by the fact that low interest rates and low

He v bank cock v. nor name infiation appear to be coinci-dental in individual economies, or at particular points in time. It follows that a drop in inferest rates should have an ameliorative effect on inflation both in this country and in the international community. The current high rates are partly the consequence of internadean treating tional competition; it only needs someone to take the lead for a progressive reduction to dmen credit of occur. Surely with our national needs and with the present strength of sterling Britain has an opportunity to give a lead to the world community.

> J. N. Maltby. Broadford House, Stratfield Turgis, Bosingstoke, Honis.

Exporters ignored

From the Exports Manager.

Sir,—I refer to your editorial: "The shake out continues" (August 28). It has been rightly stated that so far the Government has concentrated on the present. negative sides of adjustments for economic recovery. We have for the past few months been badly hit (rather massacred) by the high interest rate and the also affected exports, the element of unprecedented bank interest rate has coused

iota of doubt. Britain needs export for sur-

Government because there is no apparent distinction between a man in the street trying to borrow money for pleasure purposes and one who wants finance for export because the rate of interest chargeable to both is virtually the same.

One can cut back on labour, chinery, materials, etc., etc., but fixed costs like rent rates camet be altered overnight to suit the Government's cutback policy.

The export game is a specialised field and if the comproblems created by high interest rate directly the damage will be irreparable:

- Unless the Government steps

in quickly and offers some relief ermer by way of expert rebate or by way of lower interest to exporters only, the banks are bound to flourish at the expense of their clients who may well be non-existent soon-victims of Government policy makers. It is agreed that no Govern

ment can produce economic miracles out of thin air unless it is set upon robbing Peter to pay Paul.

Janet Wilkins. High Street, Slough, Berks.

Risks are involved

From Mr. A. Gray. Sir.-Can savers in this country ever have a united representation from a pressure group when the whole nature of investment is competitive? What Mr. Price's Savers

Union (August 27) might usefully do is educate people with the knowledge that to obtain a real return requires the taking of a real risk, like investing money as new equity capital without any security or guaranteed return. Nobody is forced to lend

money to the Government, building society, or any other borrower, and those who choose to do so deserve little sympathy. After all, the rate of inflation has never been a state secret. Adrian Gray. 31,-Russell Road,

Wimbledon, SW19.

Pressure group for milch cows From Mr. K. Speyer.

Sir. - Now is the time to think about a British Investors Trade Union Democratic Society to look after the silent milch cows that are taxed on "inflacapital gains and at special income rates 15 per cent above those of fellow men. Even if we are not particularly militant, this overdue pressure group should be formed in the context of society as it is at

I suggest that this union be registered with the Registrar of Friendly Societies, and following registration that it applies to join as a member of the TUC. strong pound. Apart from the Depending on the amount of fact that factory price increases members enrolled, we will then during the last few months have claim "our voice" representing thousands or millions!

. We shall be more modern in our constitution than most, as liquidity problems without any far as the "democratic" in our title goes. Every enrolled member on payment of an annual vival and exporters instead of fee of £10 (return cash benefit disastrous staffing cuts by the Setting preferential treatment for members of the society 50p government auditor. In the

are ignored by the present p.a.) will become also an unpaid three years ending April 1980 Government because there is no official of this trade union. my members have managed the official of this trade union.

Under existing Inland Revenue practice this will enable him to lunch out with other "investors" discussing union beanos" and claim resundry ' sulting expenses against his income-tax; a long-lost facility of ordinary mortals unless they Last month, to satisfy Mr. happen to be also trade union Tremlett, council officers prement servants!

Furthermore, any official will currently the most modern manner.
I shall be glad to be nomi-

nated president and accept joining fees from interested individuals of £10 per person first taking a fat fee for myself in support of self and the honour of the title. For other parts of the British Isles, we can have affiliated branches covering the regions to be called SCITUDS, EITUDS, WITUDS, etc. Have I overlooked anything?

K. G. Speyer. 208 City Road, ECI.

Security or return

From Mr. K. Middleton Sir,-Reading the letter from the director of the Savers' Union (August 27) one feels bound to ask what his authority may be for the statement that savers "ought" to receive a real net return of two per cent from (presumably) gilt-edged investments. May it be suggested to him that, since wealth in any form whatever is in-evitably subject to depreciation when left to itself, savers are entitled to no return at all if they lend on cast-iron security. Their reward is protection from the depreciation that is part of the natural order of things. Unfortunately the practice of Governments over many decades has been to tempt savers to lend to them by purporting to give full security and interest in addition. Inflation, it can be said, is merely the natural order asserting itself against its defiance on the part of our modern society in its demand for the

impossible. If you want complete security you must forgo interest. You cannot have both. Kenneth R. Middleton.

15a, Lynedoch Place, Edinburgh 3.

Greater London Council errors

From the Secretary Greater London Council Staff Association

Sir.-The report by Gareth Griffiths (August 15) referred to "Greater London Council errors" which hardly exist. The present GLC administration inherited from Labour a huge house building programme already in contract which it could not stop and it superimposed on this a huge housing disposal programme—all to be carried out by a much depleted number of staff. In fact the lack of financial control" which you mention has already been attributed to the GLC's

Inland completion of more than 20,000 survey of gas prices opted to new dwellings at a cost of £330m, spent £80m on improving thousands of homes, lent business, go on holidays and £90m to housing associations. transferred 100,000 dwellings to London boroughs and sold

officials, exporters or govern- pared an exhaustive list of 107 cases, out of thousands they are handling, which be allowed to speak for and on might give rise to problems and behalf of all other members of difficulties. Most of them are the union so long as it is clearly either so trivial, or deal with bind anyone to anything, all in lems, that I would call them the cupboard. At Brentford Dock, out of 450 dwellings, "two complaints of hot water service are being studied." At to be deposited on trust after Palace Road site "noise from boiler house is being studied." At Yorkshire Grove site an MP might complain about nonprovision of a club room. These are typical examples of the hundred "blunders."

> The whole list contains exactly three cases of genuine mistakes by officers. One single house was sold at a higher discount than the purchaser was entified to; for one housing con-tract costing £2.2m the contractor was overpaid by £36,105 and this is to be recovered; and 24 houses offered to tenants for sale were transferred in error to a district council. That is all. Is it fair to imply that GLC officers were incompetent, because private contractors in several cases have gone bankrupt, thereby leaving homes unfinished? Public officials are obliged to go through an elaborate legal and contractual procedure in such cases before the contracts can be re-let. And when our officers completed homes in time, a large number of them were left empty for sale on Mr. Tremlett's instruction. These inevitably get vandalised or occupied by squatters and the cases are then put on the list of their mistakes. You can-not win at this game, can you? I can tell you that hundreds of my members on the GLC housing programme are at this moment working themselves out of a job because the Council wants them to finish certain operations double-quick before the next GLC election and then volunteer for severance. They have neither eased up nor allowed their professional grip on work to slacken. Instead screaming about mistakes and wrong decisions, we should be thanking them for what they have done for thousands of Londoners who desperately need a place to live.

F. T. Hollocks. GLC Staff Association 150 Waterloo Road SE1

The price of gas

From the Head of Information, Department of Energy

Sir,-Mr. P. Spivey's letter on gas prices in Germany (August 20) does not in fact controlled does not in fact contradict the figure given in Parliament by Mr. Norman Lamont, Since there are over 100 companies in the Federal Republic of Germany selling gas to domestic customers, his letter merely highlights the difficulty arriving at an average price to compare with our own.

The Statistical Office of the European Communities in its cities. which showed a range from 31.5p to 43.2p per therm for an annual gas consumption

of 800 therms. Mr. Lamont (until September 5). quoted from around the middle of the range a price of 39.6p per therm for Dusseldorf for until September 8). Advancement of Science annual meeting opens. Salford University (until September 5).

January 1, 1980. Mr. Spivey's gas bill related to a different city and a different period-to Cologne and to the period October, 1978, to September, 1979. On the basis of that Cologne tariff, the Departunderstood that this does not such routine contractual prob- ment of Energy has ascertained that for Mr. Spivey's annual nits, rather than skeletons in consumption level of 2,489 the charge would have been 39.2p per therm on January, 1, 1980, using the exchange rate which applied on that day. So Mr. Spivey's bill in fact offers an independent check on the reliability of the figure quoted by Mr. Lamont.

Ian Gillis. Department of Energy, Thames House South, Millbank, SW1.

Industries of the future

Sir,-High technology is the one sector in our economy that is hungry for capital and needs active support. This includes the growth industries of semiconductors, micro-electronics, multi-spectral super-cooled infra-red remote scanning, telecommunications, computers, in-dustrial robots, photovoltaics and glass vacuum tube energy

collectors. British Government The knows that our steel industry should have had major attention 30 or more years ago. It also knows better than to waste time and money propping up lame duck industries when the major problem is how the real growth industries above can finance their growth and their

It is unlikely that our present level of R. and D. will enable us to keep at bay, let alone get ahead of, competition from abroad, especially Japan.

If we do something about this now, in 10 years electronics and associated industries could be as big as steel, motor cars, lorries, oil and aerospace. These will become a major and essential part of the older industries through which their products will be redesigned to use the newer high-strength materials and fewer components.

If we ensure now that our growth industries have all the capital backing they need to finance their R. and D. and production, by 1985-86 we shall have labour shortages which will provide the incentive to invest heavily in retraining.

Even though we are an island surrounded by oil we should not neglect to conserve energy. British designed and made glass vacuum tubes producing temperatures of 320 degrees centigrade on a fine day and 150 degrees centigrade on a dull day, we can have a industry supplying export markets with badly needed energy-making equipment and energy at home for industrial process heat.

J H Miller 49, Avenue Hector Otto, Monaco: Principauté de Monaco.

UK: Mr. Husni Mubarak, Vice-Today's Events President of Egypt. starts fiveday official visit to UK, will meet International Environment and

Mrs. Margaret Thatcher. Trades Union Congress annual

(until September 5). Dr. Gerard Vaughan, Health Minister, opens London Nursing Exhibition and Cancer Nursin Conference, Royal Festival Hall

Farnborough Air Show opens British Association for the

OFFICIAL STATISTICS

Centre (until September 4). International Watch, Jeweliery and Silver Trades Fair, Earls Court (until September 4).

Overseas: United Nations Com-mission for Trade and Develop-Geneva (until September 12). Leipzig Autumn Fair (until

Central Statistical Office publishes 1980 edition of the Pink 1.0 pm.

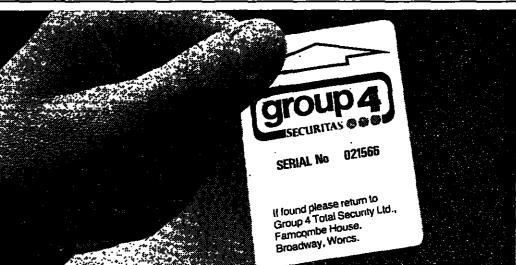
Book--UK Balance of Payments. COMPANY MEETINGS See Finincial Diary on Page 19.

COMPANY RESULTS Safety Exhibition and Conference Final dividends: Apex Proper-ties. Whitworth Electric (Holdopens, . Wembley Conference

ings). Interim dividends: Claverhouse Investment Trust. Electrical and Industrial Securities. I. and J. Hyman. Scottish Eastern Investment Trust. LUNCHTIME MUSIC, London

Piano recital by Philomena Macrae, St. Lawrence Jewry, 1.0 Organ recital by Jonathan

Rennert, St. Michael's Cornhill,



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Hampson Industries still in a strong position

PROFITS are continuing to be made at Hampson Industries and the financial position is quite strong. Mr. T. Hampson Silk, chairman, tells shareholders in his annual report.

While making no forecast for the current year, the board's view of the future is not pessimistic even though a temporary setback may be experienced affecting almost every British company, the chairman adds.

He says all factories are at working full-time but this will only be possible if the group can continue to be compe-titive. Main activities of the include manufacturing, industrial clean-ing, maintenance and allied

Many of the group's customers, including some of the larger companies are experiencing cutbacks in their order intake which is bound to affect Hampson. On the other hand, the group's export orders have increased but profit margins are bound to suffer through inflation.

The West Bromwich factory and Brandon Way is large and as only part of this is occupied by Hammec Engineering, the re-mainder will be divided into small units and rented out so that in due course this freehold site will become a factory estate producing some very useful rental income, says the chairman. In the year ended March 31, 1980, pre-tax profits rose from, £584,116 to £705,653 on turnover

up some 27 per cent from £12.73m to £16.01m. The directors are also propos-ing the conversion and subdivision of the 750,000 authorised but unissued 7½ per cent redeem-able preference £1 shares into 1.5m ordinary 5p shares.

The preference share capital was redeemed on March 31 last year and as a result the directors consider it would be convenient to create a reserve of authorised but unissued ordinary share

The chairman says opportunities are constantly being explored for expansion of the group's activities along with the policy of recommending scrip issues. It therefore considered prudent have a larger reserve of authorised but unissued capital.

27/28 Lovat Lane London EC3R 8EB

Airsprung Armitage and Rhodes... Bardon Hill

County Cars 10.7% Pf.

† Accounts prepared under provisions of SSAP 15.

Deborah Ord.

Frank Horsell Frederick Parker ... George Blair Jackson Group ...

James Burrough

Robert Jenkins

£000'a

BOARD MEETINGS

Claverhouse investr Trust, Electrical and Industrial Securities, I. and J. Hyman, Scottish Eastern Investment Trust. nt Irust. Apex Properties, G.T. Asia Fund, Linfood, Whitworth

IEE I III GO	
Leyland Paint and Walipaper St. London and European St. Midlend Industries St.	ept. 18 ept. 3 ept. 10 ept. 4 ept. 4 ept. 9 ept. 4
Harmony Gold Mining Se	opt. 4 opt. 11 opt. 11 opt. 4

The group operates as a imber and sheet material

importer, merchant, sawmiller

As reported on August 16, pre-tax profits fell from £342,000 to £320,000 for the year ended

March 31, 1980. The net divi-

dend total is unchanged at 5p

Warne Wright

turns in £1.4m

Taxable profits of Warne Wright and Rowland, a wholly-

owned subsidiary of Benjamin

Priest and Sons (Holdings),

came out at £1.42m for the year

ended March 28, 1980, compared

with £1.8m for the previous 15 months. Turnover of this fastener maker, drop forger and

engineer amounted to £25.99m,

Interest charges jumped from

£260,918 to £483,649, while tax credits increased to £215,761

(£32,230). There was an extra-ordinary debit of £243,406 this time, due to a decision to

terminate container manufactur-

against £27.22m.

at year-end

Meeting, Rainham, September

and

and wharfinger.

per 25p share.

Phoenix Timber shows profit in first quarter year's retrenchment.

† Amended.

Company shows a small profit in the first three months of the current year to the end of June, but it is too early to predict the out-turn for the remainder of the year, Mr. Alexander Gourvitch, the chairman, says in his annual state-

With the drastic curtailment of house building and the decisive de-stocking by merchants and retailers leading to heavy under-employment in furniture and cabinetmaking industries, the demand for group commodities has declined sharply and sales for the first quarter have fallen by per cent compared with the

1979 period, he adds. The adverse effect of this downturn on profitability has been offset to some extent by direct annual cost savings which will amount in the current year to some £700,000 from reductions in staff and

The industrial division, comprising the manufacturing and

therefore considered prudent have a larger reserve of thorised but unissued capital.	processing companies, has made very satisfactory profits in this period following the previous				
M. J. H. Nighting	ale & Co. Limited				

15.0 3.0

ing and prefabricated housing operations at S. Taylor and Co. Earnings per share were 2.561p, against 2.954p for 15 months. Ordinary dividends absorbed £1.31m (£0.58m) and retained profits emerged at retained profits £80,540 (£1.24m).

FT Share Information

The following securities have been added to the Share Infor-mation Service appearing in the Denmark 13pc Loan Stock 2005 (Section: Foreign Bonds and

Rails); Peerless Limited (Industrials).

Clover Croft joins in property deals

ormer cotton spinning company, Queen Street Warehouse (Holdings) and the private Espley-Tyas Group have entered into a complex series of deals involving property interests.

Oueen Street is buying three private property companies— Drakey, Delvan, and Glenoaks from Mr. Ronald Shuck's Consult Securities International for £802,000 in preferred ordinary shares. Consult will also receive a deferred consideration of up to £400,000 in Clover ordinary shares dependent on the ultimate network of the three companies which are engaged in industrial, shopping office projects in West nwich, Stourbridge, and Bromwich, Richmond, Surrey.

Clover will then buy the preferred shares of Queen Street to be issued to Consult under the deal and also purchase Consult Property Development Company for a maximum of £450,000 in shares. This company is engaged in a single commercial development in development in Clover is also to Sheffield. acquire Chadwick Estates from Consult for a maximum of

Clover will then make an offer to buy Espley-Tyas, at £6.50 a share in six Clover shares and £2.30 cash. The two main shareholders, Mr. R. B. Lambon and Mr. S. Tyas with 59 per cent of the capital, have undertaken to accept the offer. £500.000 in shares. undertaken to accept the offer, which will total £1.36m, dependent on the trading

results. main shareholder after the deals and Clover share issues will be Consult and Mr. Shuck with nearly 31 per cent.

ENGLISH ASSOC. BACKS CAVLAND

The English Association Development Fund, recently set up by The English Association of American Road of American Bond and Share Holders, is to provide £75,000 backing for the Cavland group of companies, based in Lymm, near Manchester.

Cavland is involved in lease broking and industrial and con-sumer finance and also owns sand quarries in north west England. The new capital, which comprises both equity and loan stock, is being used by Cavland to acquire Century Industrial Services, a consumer finance also

This is the first investment to be made by The English Associa-tion Development Fund, which has been set up as an Isle of Man Unit Trust specifically to provide development capital for private companies.

LAPORTE INDS.

BIO-KIL CHEMICALS The offer by Laporte Industries Holdings for Bio-Kil Chemicals has become unconditional in all respects. Acceptances electing for the share alternative have

accordingly, shareholders of Bio-Kil who elected to receive the share alternative have been allotted ordinary shares in Laporte in full in accordance

with their elections. The offer remains open for acceptance. The share alternative closed at 3.30 pm yesterday.

British Land has 91% of Corn Exchange

British Land for the share capital of Corn Exchange is unconditional in all respects and is extended until further notice. British Land has received acceptances of its offer, as altered by the capital reorganisation approved on August 28 at an EGM of Corn Exchange, in respect of 20.33m Corn Exchange

new shares and deferred shares representing 91.4 per cent of the issued share capital. The total nominal amount of 12 per cent convertible un-secured loan stock 2002 of British Land (CULS) which has been allotted in respect of the above acceptances is £1.83m and cash amounting to £5.09m will

Included acceptances are elections for additional CULS to the extent of £561.280 in nominal value and for additional cash of £2.36m. As known, it is not intended that the acquisition should be referred to the Monopolies Com-

mission. Admission to the Official List of the CULS to be issued pursuant to the offer has been granted by the Stock Exchange and dealings have commenced for deferred settlement.

Marston Thompson

Despite evidence of a recession, trade at Marston Thompson and Evershed, brewer and wine and spirit merchant, had held up reasonably well, Mr. M. F. Hurdle, the chairman, told the annual meeting.
Since the beginning of the

company's financial year on April 1, some price resistance had been evident, but sales had suffered only to a small extent, he added. For the year ended March 31,

1980, pre-tax profits increased from £4.5m to £5.5m, on higher turnover of £30.33m (£26.5m). TIMES PUBLISHING/

MARSHALL CAVENDISH

The Times Publishing offer to acquire Marshall Cavendish has become unconditional in Times owns 6.05m ordinary acceptances of the offer have been received in respect of approximately 89 per cent of MINING NEWS

Texasgulf revives gold mine plan with partners

BY GEORGE MILLING-STANLEY

Texasgulf has decided to go \$5m (£2m) on exploring and THE AMERICAN mining group ahead with a gold mine at evaluating the properties before. Cripple Creek, Colorado, which it withdrawing from the original abandoned in January, 1979. The joint venture. The company said company has signed a new joint at the time that it was pulling venture agreement with its out because its analysis indicated

The agreement requires Texasgulf to prove a mining and milling capacity rate of 150 tonnes of ore a day within three years. The production plan is based on current estimated reserves of 300,000 tonnes of ore with an average grade of just over 10 grammes of gold per tonne.

The plan calls for production to begin within two years. Texasgulf said that there is the potential for developing additional reserves, and the recovery of gold from an estimated 4m tonnes of dumps will also be

former partners, Golden Cycle insufficient reserves to justify a mining operation of a size that Since then, the price of bullion

has increased from the \$200 to \$220 per troy ounce range to its current level of more than \$600. and it is this which has caused Texasgulf to change its mind. Texasgulf said that the esti-

mated cost of the initial development and construction will be including costs about \$8m, including costs incurred by Golden Cycle as manager since Texasgulf's with-, drawal. These costs have been reimbursed by Texasgulf. All of the funds required for the project will be provided by

Texasguif spent more than Texasguif until the production level has reached the target of 150 tonnes per day, and mining and milling facilities with a capacity of 300 tonnes per day have been installed.

Once that point has been reached, Texasguif will contribute \$1 per cent of the funds

Texasgulf will receive 75 per cent of the net proceeds of the gold properties and Golden Cycle 25 per cent until 510m has been distributed. After that, Texasgulf's share will rise to about 84 per cent, with Golden Cycle receiving about 16 per cent until all of the new investment has been reimbursed.

Thereafter, the net proceeds will be distributed according to the participants' stakes in the joint venture, with Texasguir getting 64 per cent and Golden Cycle 36 per cent.

Samancor's export outlook dull

ONE OF SOUTH AFRICA'S R31.64m (£17.6m) reflected lower leading producers of iron and manganese ores and ferro-alloys, South African Manganese Amcor (Samancor), sees no improve-ment in overseas demand for another year, writes Jim Jones from Johannesburg.

Commenting on the results for the first half ended on June 30, Samancor said that the 21 per

export demand, particularly to the U.S., higher costs and the strength of the South African rand against the U.S. dollar. The company added that the downward trend is expected to continue into 1981, until overseas steelmakers find it necessary to

replenish their stocks. Samancor has declared an uncent fall in pre-tax profits to changed interim dividend of

of 13.5 cents a share, compared with earnings of 18.85 cents last time. This is in sharp contrast to the company's competitor Associated Manganese, which last week doubled its interim dividend in spite of a fall in

In 1979, Samancor paid a total dividend of 18 cents a share on earnings of 44.1 cents.

UK Provident offering new Moneymax plans

been launched by the UK Provides a capital sum at the dent, a leading mutual life tom- end of 10 years, while the pany, offering investors high latter provides guaranteed inrates of return on lump sum investments made through life assurance contracts

Both the Moneymax Growth Plan and the Moneymax Income Plan use a combination of the company's successful Moneymax with-profits plan and a tempor-

_			
SPAIN			Price
	180		%
High	Low		
245	203	Banco Bilbao	225
258	217	Banco Central	252
220	203	Banco Exterior	208
231	200	Banco Hispano	223
137	117	Banco Ind. Cat	120
175	141	Banco Madrid	141
			276
282	237	Benco Santander	
190	136	Benco Urquijo	140
240	208	Banco Vizcaya	236
215	200	Banco Zeragoza	215
112	75	Dragados	109
73	58	Espanola Zinc	73
66	53.2	Fecas	62,70
			33
_40	23.2	Gal. Preciados	
71.7	58.7	Hidrola	. 67
68.2	57,5	lberduero	64.50
120	100.7	Petroleos	109
92	59	'Petroliber	87
115	107	Socetise	107
		andersa	-=:

TWO new investment plans have ary annuity. The former plan come over the period with a return of capital at the end. Under both plans, the investor

has a variety of options at the end of the period. For an investor aged 45, an outlay of £5,000 will secure a

tax-free lump sum after years under the growth plan, of £13.637 on current bonus rates. -a net yield of 10.55 per cent, or provide a monthly income of £39.92, together with the return

In Brief

BENJAMIN PRIEST AND SONS
(HOLDINGS) (engineering) — Results
for year ended March 28. 1980, with
prospects raported July 23. Groep
shereholders' funds £18.28m (£17.72m).
Medium-term borrowings and debentures £2.03m (£2.11m). Bank overdraft
£4.34m (£2.3m), short-term borrowing
£556,252 (same). Meeting, Stourtbridge,
September 23, 12.15 pm.
F. H. TOMKINS (buckles, bolts, nuts.
feateners)—Results for year to April
27, 1980, already reported. Historical
pre-tax profit of £2.05m reduced to
£1.14m on £CA after adjustments of
£1.17m and gearing £248,000. Shareholders' funds £7.34m (£5.42m). Bank
loans and overdrafts £1.13m (£749,000).
Mitchell Somers holds £1.012 per cent
of ordinary capits!. Meeting, The Post
House, Great Barr. September 25 st
noon.

IMRY PROPERTY HOLDINGS tor year ended March 31, 1980 already reported. Shareholders funds, \$4.93m (£3.23m); properties £12.85m (£12.05m);

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 19.9.80. Terms (years) 3 Interest % 13 5 13 13 13 13 Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterioo Road, London SE1 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICEP.

Mulinidual.

Most investors are content to follow the market leaders rather than seek out the innovators.

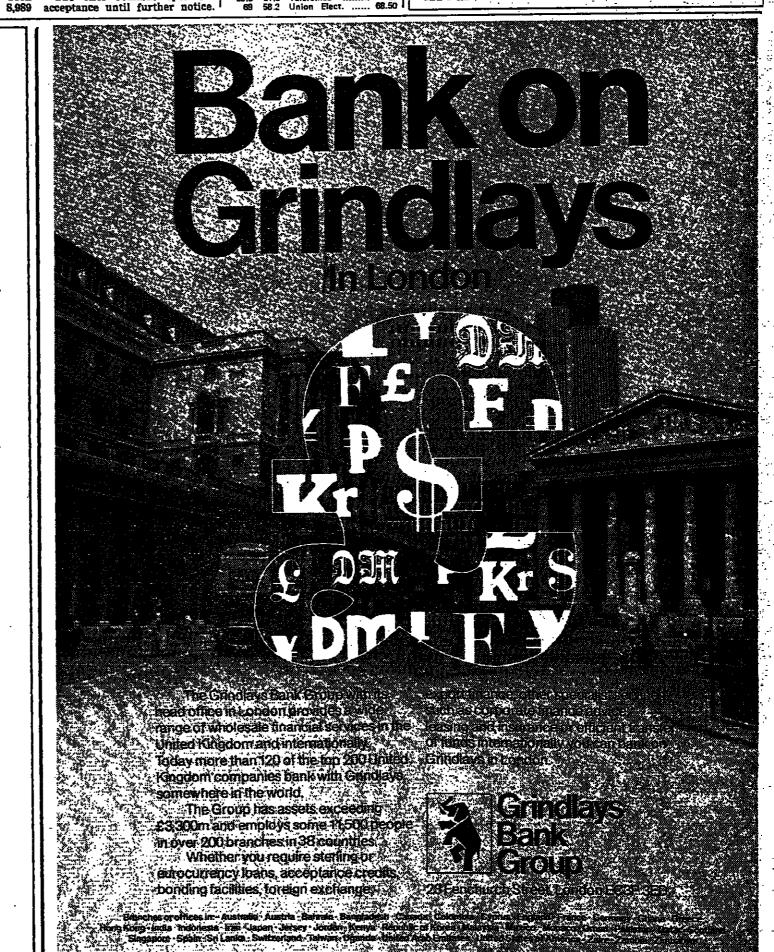
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12,375

7.875

5,250

5.375

Lead Manager

Chemical Bank

UBS (Securities)

Daiwa (Europe)

Deutsche Bani

Dresdner Bank West LB

West LB, IB] Inti.

Banca del Gottardo

ф Minimum. § Convertible.

BY IAN HARGREAVES

UBS

SBC SBC

KHC

Daiwa (Europe) Smith Barney Harris

CURRENT INTERNATIONAL BOND ISSUES

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12}

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100

Maturity years

1995

1987

1988

1990 1988

1985

1990

10

** Placement. † Floating rate note. Securities and Exchange Commission

Note: Yields are calculated on AIRD basis.

Still living on nerves

25

sember 1

use until the instruction of the installed installe that point Texasguif Per cent of the sgulf will receive the net process 25 per cent me en distributed he suffs share will 84 per cent will receiving about that all of the has been reining about that the has been reining. eafter, the he he is distributed and articipants state venture, with 64 per cent and

ook d

36 per cent

is from first-law is cents a share to surnings of 1855 er. This is in share to company's the sted Manganes steek doubled to the in spite it. nd in spite of 979, Samancor Rd nd of 13 cents at es of 411 cents

Brief

AMIN PRIEST Hender Mark Des a-term borrowing a 2.03m (E2.11m; 3m; (E2.3m) 2.03m (E3.11m; 3m; (E2.3m) 2.15m; Tomical Property of the 23, 12.15 pm.
TOMKINS 'Buckles, 6' (Table 1.15) Tomical Property of the 1.15m; Tom nts)—Results for the sound of the sound service of the sound of the sound service of the service of the sound service of the service ad evercielis filia Il Somera notes 2 to many carries Magazine many carros Manager Great Som Street,

PROPERTY HOLDING endes Vivir. Ti Ban. Share in ders Listines

TERM DEPOSIE for fived terms a rly. Rates for &

13 13 15 from The Chief & Waterlao Road ii **reques**, pavente refi

eideng company in

bank on

astring of new issues: The holiday season in the 2 points on the week. dollar sector of the Eurobond market has now lasted more than two months and there, were few signs that it had come to an end last weekend. A combination of factors suggests, according to many bond dealers and new issue managers, thatthe present state of affairs could last into the autumn. U.S. interest rates continued to rise -some prime rates now stand at 114 per cent-and the record-

instruments: hence the soften that the terms were quite out bonds to convert.

ling of rates offered on CDs as of line with the market.

Holders of the notes maturing compared with those on deposit.

Trading in bonds remains issue, which is not unknown in redemption for cash in lieu of thin though some bouses appear the UK. Switzerland and Belthe conversion offer. Many of

of "difficult case" borrowers.

INTERNATIONAL BONDS

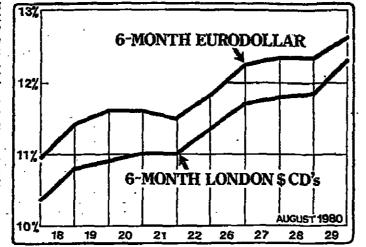
EIB makes few converts

THE APPEARANCE of the first bonds. So far there is no sign ever conversion Eurobond last of investors selling straight week did nothing to lift the dollar paper, though some gloom that hangs over all sec- dealers fear they may be tors of the market. The \$100m tempted to do so if interest 12% per cent issue, to 1987, for rates continue to climb. Last the Euripean Investment Bank, week's fall in straight dollar which is managed by UBS bond prices was the result of (Securities), is not likely to set dealers: marking them down, a yield level from which other some in an attempt to trim banks might hope to launch a their book to the bone. Overall, bonds posted falls of around

> Three new dollar issues were launched last week-including a convertible bond for Oak Industries, and a floating rate note (FRN) for the Long Term Credit Bank of Japan-but interest was focussed on the "conversion" bond for the EIB, which is being underwritten by UBS (Securities) alone.

This was the result of the increase in the Leading Econo- totally negative reaction UBS on Friday gave little hope for out a number of institutions a change in the trend. Some bankers point to the ment group for the new issue. relationship between CD and All the banks, some of whom deposif rates (see chart) as were managers of the 3100m evidence that investors are up. θ per cent EIB bond which willing to lock in funds for six, matures next September 15 and months, but prefer to invest is the subject of the conver-in CDs which are negotiable sion, refused on the grounds

business between Eurobonds, maturing issue new bonds as they are being advised to do ing German interest rates ten depending on the Yankee, and U.S. Treasury issued by the same borrower so by a number of the banks days ago has unnerved the of the moment.



prevailing market conditions.

The EIB is the first borrower It is offering \$100m of 12; per cent 7 year notes at par, in exchange for notes issued in 1975. The conversion fee is 1 per cent and the management fee is 1 per cent, one quarter of which will be kept by UBS (Securities), the rest being reallowed to the banks which come forward with bonds to convert.

Holders of the notes maturing cent. to have been carrying out swap gium, is to offer holders of a them may exercise this option,

with terms adjusted to reflect which were managers of the 1975 issue.

The reason is not hard to to take advantage of this tech-find: issues of similar quality nique in the Eurobond market. and maturity can easily be found which yield up to 1 per cent more than the new bonds. The investors need look no further than other outstanding issues for the EIB to pick up higher yielding paper. Last Friday, the 81 per cent EIB bond to 1987 offered the investor a return of 12.90 per cent, or 0.52 per cent more than the new bond, while the 131 per cent bond to 1990 for the same borrower offered 13.45 per

The rise in U.S. interest rates

Deutsche Mark foreign bond sector, where three issues were postponed last week. German Capital Markets Sub-Committee which meets today to decide on September's new issue calendar of foreign Doutsche Mark bonds will have a hard task. What all German banks are agreed upon is that the record levels of new issue activity witnessed these past two months will be difficult to maintain.

Bornwers

U.S. DOLLARS

Oak Industries

D-MARKS

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City of Oslo

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Long-term Credit Bank

Kingdom of Sweden

Nippon Paint Co.

SWISS FRANCS

#EDF (g'teed France)

KUWATTI DINARS

U.S. CREDITS

SUMMER ended today in New

**Kingdom of Sweden 100 ‡Copenhagen Telephone A/S 60

RENFE (g'teed Spain)

Minolta Camera Co.

BY FRANCIS GHILES

Secondary market prices of Deutsche Mark bonds shed 11 points last week, with selling pressure coming mostly from abroad.

In Switzerland, where foreign bonds shed an average 2 point over the week, the National Bank announced a series of measures to liberalise capital exports.

The measures will broaden the basis of the private place ment market, as banks will for the first time be able to place such notes abroad. A limited interbank secondary market in medium-term notes is also to be allowed within Switzerland

These two innovations should.

in the longer run, increase demand from investors for the notes, but much in this sector depends on currency movements. While the Swiss Franc

retains a reputation for volatility there is likely to be a shortage and the Bundesbank's not lower- of borrowers or investors, ing German interest rates ten depending on the exchange rate

celebrated its last day in supply figures — offered no well leaked and which in any summer, leased seaside houses comfort. case is a matter of intention on Long Island, and the labour M1 "A" and "B" both rather than fact at this stage.

day holiday, there was not much showed very small increases in to celebrate back in the office.
The bond market had another the week to August 13, which an end to the summer. It is in itself is fine, but it means also interesting to look back to that the record more-thansph increase in money supply
announced two weeks ago has
not, as Wall Street hoped, been
any where near compensated

also interesting to look back to
the first day of summer—for
Americans memorial day on
May 26—and see what the
credit markets were doing the
On that day the Treasury's BY PETER MONTAGNON

eight years and I for the last like living on its nerves again week. Only the prime looks two. Originally the credit was this week, with fairly stable better at 11.5 instead of 14.5 expected to be for \$250m, but unemployment figures, and later 16 per cent, which merely the amount was reduced after further evidence of growth and markets. inflation due for announcement. Last week, in response to these factors, the Fed allowed been increased to \$250m, from the federal funds rate to trade \$200m, after more than \$100m consistently over the 10 per was raised in market syndica- cent mark, which took other along with them, the prime rate

its discount rate from 10 per

\$200m, was the maximum 13 firm the market's worst fears.

year credit for Akzo arranged by Union Bank of Suite alers. followed by the attention paid

rotten week, truncated by the ahead. York, with that rigorous preci-sion which Americans apply to noon on Friday, and the only ally no response to President the division of the seasons. But development over the weekend Carter's \$27.5bn tax cut pack-as the population of Wall Street — the release of the money age, details of which had been

> So, it has not been much of 30-year bond was trading at So, although some analysts 99.7. On Friday it traded at remain confident that there will 88.20. Three month certificate be some easing in money growth of deposit were at 8.5 per cent.

> in September, the market looks against almost 11 per cent last another sizeable boost in the demonstrates how far the prime producer price index, providing often lags behind the credit What the market needs in

September is some evidence that the Fed really has a grip upon its monetary targets, something which would enable the market to look less anxiously at the tion. Japanese banks are taking short interest rates higher and, prospect of a recovering \$50m of the credit, their maxi- along with them, the prime rate economy, especially as that recovery promises to be very

U.S. INTEREȘT		Week to
3-month Treas. Bill		9.70
3-month Certificate of Deposit Federal Funds wkly.	10.95	10,50
average	10.32	9.87
30-year Treas, bond	11,42	11.15
Lng-term AAA Utility	12.63	12.38
Lng-term AA Industri	12.50	12.00
Source: Salomon B	rothers e	

CREDITS

Spreads continue to move apart

EUROBANKERS REPURNING. One is that, in the absence of with banks still unwilling to now beginning to aim at mitted by the banks involved to eight years and 1 for the last from their summer holidays borrowing by the best rated provide large amounts of replacing run-offs with new Pretoria on Friday allowed for two. Originally the credit was last week found a market still countries in Northern Europe, medium-term finance the coun-assets. The result should be a an average yield of 1 per cent. expected to be for \$250m, but EUROBANKERS RETURNING . rather drowsy in terms of busi- Spain appears to be lockeying try is now believed to be ness done but with underlying for a position in the top league. relying heavily on very short business between now and the conditions volatile as banks it is understood that the lNI term borrowing.

Legin to reassess the outlook simbsidiary. Enlepsa hopes to In the middle of the range. Strong interest is also being for hidroidual borrowers ahead obtain a per cent element in there are now signs of a thaw shown in some new or unusual for individual borrowers and the margins for its tormounts of the run up to the year end, the margins for its tormounts.

At one end of the spectrum \$50m credit.

The mandate for this borrowers and the margins for its tormounts.

latest credit, a \$150m borrowing

of the run up to the year end. the margins for its forthcoming in the chill on lending to names in the Eurocredit market on a credit of the spectrum \$50m credit.

Eastern Europe, UBAF is testakets. Arab Bank, BNP and bankers acknowledge that The mandate for this borrowing the market for a credit of UBAF are, for example, comargins on credits to low risk ing is still some way off and between \$50m and \$100m for ordinating a \$150m credit for European borrowers remain there seems to be little doubt. East Germany's Foreign Trade. under downward pressure even that banks would resist attempts Bank (DAB). The terms proingly rather low margin of per
at their present very low levels to impose such pricing.

By contrast resistance is grow.

At the other extreme are yield of about { per cent, with years grace.

Ing to the demands of a number countries such as Brazil, whose a margin over Libor of {.

The margin reflects, however.

The result is an accommand by Skierbies, is reported to be early for U.S. banks to resume for a borrower which can common move apart. This was already margin of 11 per cent over borrowers while Soviet troops apparent before the heliday inter-bank rates. Yugoslavia's are still in Afghanistan. Euro-Africa's proposed \$250m credit period, but some numbers are requests for funds is also grow-pean banks, however, appear to are still not known, but it is ing increasingly insistent, but have shorter memories and are understood that the offer sub-

Bankers say that it is still too the fact that this is a club deal early for U.S. banks to resume for a borrower which can comthe fact that this is a club deal

greater volume of Comecon broadly in line with market expectations.

Elsewhere, some replies are still outstanding on Argentina's \$250m eight-year credit with its 1-1 per cent margin. Syndication was extended till last Friday after an initially cool response to the fine margins. At the same time a forthcoming credit for YPF has been postponed to avoid a heavy concentration of Argentinian borrowings in the market. As a result the leading banks now believe that the final amount sold down

to the market could be in the range of 30 to 40 per cent. In Asia. Taiwan's Taipower has finally mandated BA Asia Lid to taise \$100m over ten

Taiwan's Finance Ministry held out for better terms. The seven year credit for

Ecuador being co-ordinated by Lloyds Bank International has \$50m of the credit, their maximum permissible quota under up to 11½ per cent.

Japanese Finance Ministry regulf this continues, pressure lations. It bears a margin of will mount on the Fed to lift

by Union Bank of Switzerland. The credit bears a margin of } per cent for years one to four, to the record jump in the leadyears with four year's grace. E per cent for years five to ing economic indicators for the margin is a for the first seven, and a per cent thereafter. July—another sign of growth

August, 1980

FT INTERNATIONAL BOND SERVICE

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SRC Rs 9D	9/80	200	987	397	Q.	4.50
T-45:hp ('nn 74 94]	10/79	756	TIUS	104	-,	- 1.04
Hatas Bl. Cwitz 5.89	2/190	127.4	. 99%	7003	+05	— U.84 !
C K SA DM	7/79	475	1065	. 7074	0%	3.70
Chara Con EL SE DM	9733	3355	. 104	7126	704	3.43
Uny Co. 64 85 DM1	1/79	1071	983	. 994	-0½	22.53
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The Financial Times Ltd., 1980. Reproduction in whole or in part in any form not permitted without written consent. Data supplied by Inter-Bond Services (a sub-

. [BONE	OTR/	DE IN	DEX AN	ND YIE	1D .
		.*	Medic	m tem	Long	term
Aug.	29	<u></u>	90.81	10.62	78.11	11.90
Aug.	22		91.34	10.37	79.38	11:58
High	180		93.58	(18/6)	89.19	(2/1)
LOW	-80		86.32	(2/4)	71,54	(29/2)
	E	URC	DMCBC	TURNO	VER	
		(non	ninal v	alue in	Sm)	
J.S.	\$ b	onds	3	Ce	del Eu	roclear

1.922. 792.8 3,011.8 319.1 * No information available-

> previous day's price. † Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the vield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week= Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless

ntherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; \$above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld = The current yield. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cov. date = First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion centage premium of the current effective price of acquiring

shares via the bond over the most recent price of the shares. The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale: Banque Generale du Luxembourg SA; Banque Internationale Luxembourg: Kredietbank Luxembourg Algemene Bank Nederland NV Pierson, Heldring and Pierson: Credit Suisse/Swiss Credit Bank Union Bank of Switzerland:

Akroyd and Smithers; Bankers Trust International; Bondtrade; Credit Commercial de France (Secs.) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corpora-tion; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International Nesbitt Thomson; Orion Bank; Salomon Brothers International; Samuel Montagn and Co. Scan dinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance Inter national; S. G. Warburg and Co.;

Wood Gundy. Closing prices on August 29

•	This	anno	unce	men	t ap	pea	rs as	a mat	ter of	recoi	d only	ļ
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Inchcape (Bermuda) Limited (incorporated with limited liability in the Islands of Bermuda)

US \$40,000,000

8 per cent. Convertible Guaranteed Bonds 1995

Guaranteed as to payment of principal, premium (if any) and interest by, and convertible into Ordinary Shares of,

INCHCAPE & CO. LIMITED

-(incorporated with limited liability in England)

Baring Brothers & Co., Limited

Berliner Handels- und Frankfurter Bank

Brown, Shipley & Co. Limited

Charterhouse Japhet Ltd.

Chase Manhattan Limited

Citicorp International Group

Crédit Commercial de France

Dai-Ichi Kangyo Bank Nederland N.V.

والمراجع والمراجع والمراجع فيقطونها ويهيها والمستبيع يستهير وتهيي

County Bank Limited

Crédit Lyounais

Creditanstalt-Bankverein

Commerzbank Aktiengesellschaft

Chemical Bank International Group

Limited

Carr, Sebag & Co.

Cazenove & Co.

Blyth Eastman Paine Webber International

Credit Suisse First Boston Limited

Orion Bank Limited

Limited

Algemene Bank Nederland N.V. Daiwa Europe N.V. Amsterdam-Rotterdam Bank N.V. Den Danske Bank Deutsche Bank Aktiengesellschaft Banca Commerciale Italiana Banca del Gottardo The Development Bank of Singapore Limited D.G. BANK Deutsche Genossenschaftsbank Banca Nazionale del Lavoro Dillon, Read Overseas Corporation Banco Urquijo Hispano Americano Limited Dominion Securities Limited Bank Cantrade Switzerland (C.I.) Limited., Jersey Dresdner Bank Aktiengesellschaft Bank Julius Baer International Limited Drexel Burnham Lambert Incorporated Bank Mees & Hope NV European Banking Company Limited Bank of America International Limited First Chicago Limited Bank of Tokyo International Limited Robert Fleming & Co. Limited Banque Brussel Lambert N.V. Banque Degroof S.C.S. Goldman Sachs International Corp. Banque Française du Commerce Extérieur Hambros Bank Limited Handelsbank N.W. (Overseas) Limited Banque Générale du Luxembourg S.A. Banque de l'Indochine et de Suez Hill Samuel & Co. Limited Banque Internationale à Luxembourg S.A. Hoare Govett Ltd. Banque Nationale de Paris IBF International Limited Banque de Paris et des Pays-Bas - Jardine Fleming & Company Limited Kidder, Peabody International Limited Banque Worms ' Kleinwort, Benson (Hong Kong) Limited. Barclays International Group Kleinwort, Benson Limited Baring Brothers Asia Limited Kredictbank N.V. Bayerische Landesbank Girozentrale Bayerische Vereinsbank Aktiengesellschaft Kredietbank S.A. Luxembourgeoise Joh. Berenberg, Gossler & Co. Kuhn Loeb Lehman Brothers International

> Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Kuwait International Investment Co. s.a.k. Kuwait Investment Company (S.A.K.) Lazard Brothers & Co., Limited Lazard Frères et Cie., Paris

Lloyds Bank International Limited Lombard, Odier International S.A. Manufacturers Hanover Limited Merrill Lynch International & Co. B. Metzler seel. Sohn & Co. Samuel Montagu & Co. Limited Morgan Grenfell & Co. Limited Morgan Guaranty Ltd. Morgan Stanley International The Nikko Securities Co., (Europe) Ltd. Nippon European Bank S.A. Nотига Енгоре N.V. Sal. Oppenheim jr. & Cie.

Pictet & Cie International Limited Pierson, Heldring & Pierson N.V. PKbanken Investments Limited Rea Brothers Limited N. M. Rothschild & Sons Limited Rowe & Pitman

Oversea-Chinese Banking Corporation

Royal Bank of Canada (London) Limited Salomon Brothers International Sanwa Bank (Underwriters) Limited A. Sarasin & Çie.

J. Heary Schroder Wagg & Co. Limited Schroders & Chartered Limited Skandinaviska Enskilda Banken Smith Barney, Harris Upham & Co.

Incorporated Societé Générale Société Générale de Banque S.A. Standard Chartered Merchant Bank Limited Strauss, Turnbull & Co. Sun Hung Kai Finance Co., Ltd.

Svenska Handelsbanken Swiss Bank Corporation International

Taiyo Kobe Finance Hong Kong Limited Trinkaus & Burkhardt Union Bank of Switzerland (Securities)

United Overseas Bank Ltd., Singapore Vereins- und Westbank Aktiengesellschaft Vickers da Costa Ltd. J. Vontobel & Co. S. G. Warburg & Co., Ltd.

Wardicy Limited Westdeutsche Landesbank Girozentrale Dean Witter Reynolds International Wood Gundy Limited Yamaichi International (Europe) Limited WORLD STOCK MARKETS

Companies and Markets		WC	ORLD STO			I TOUR AND THE STATE OF THE STA	HONG KONG
NEW YORK	1980 Aug.	1980 High Low Stock' 29	1980 Aug. High Low Stock 29	Ola Sin Schlitz Brow Jan 851	CANADA 1980 Stock 29	HOLLAND 1980 Aug. 29 Price High Low Fis	1980 Aug. 29 Price High Low H.K. 5
1980 Aug High Low Stock 29	46 35 Columbia Gas 3814 3514 27 Columbia Pict 3178 2054 1818 Combined Int 1914 7558 4754 Combusta Eng. 7054	85g 43, Gt. Atl. Pac. Tes 53, 34 12 Gt. Basins Pet. 1438 3614 277g Gt. Writin Nekossa 3614 25 141g Gt. West Financi, 1934	68èe 2978 Mesa Petroleum 54½ 912 652 MGM	138 95% Schlumberger	26:: 18 Abitibi	80 62,1 ACF Holding	7,10 4.85 Eastn Asia Nav 6.20
4514 2712 ACF Industries 3714 21 1158 AMF	755g 473g (Combustra Eng., 704g 131g 71g (Combustra Equip 9 227g 171g (Comwith Edison., 2012 423g 303g (Comm. Satellite. 277g	1816 14 Greynoung	69 503e Missouri Pac 5611 731: 5112 Mobil 6973 15 734 Modern Merchg 1452	47.5 2659 Seabrd Coast L 4619 5812 3312 Seagran	41½ 28 Algoma Steel 351 38½ 30 Asbestos 51 30½ 2255 Bk Montreal 28% 34½ 225g Bk Nova Scotia 52	103.6 81.5 AMEV 87.60 70.5 52.6 AMRO 64.90 225 170.4 Bredero Cert 193.50 105.3 79 Bos Kalls 94 69 52 Buehrmann Tet 68.80	7.30 5.05/HK Electric 7.00 91.5 55.00/HK Kowloon Wh. 91 18.5 9.94/HK Land
3514 17 AVX Corp	378 112 CIG	5134 5278 Guif Oli 2612 2734 2034 Hall (FB) 11818 31 2015 Hammernill Ppr. 2936 13 8 Handleman 1212 4314 2834 Hanna Mining 2334	101g / Monarch M/T 453g 6134 4256 Monarch M/T 453g 6134 4256 Monarch Cmrk 445s 50 401s Morgan IP) 447g 617g 413s Motorola 57	1912 15 Sears Roebuck 1712 9 436 Seatrain Lns	nt:- 107. Reil Canada 195a	59 52 Byenmann-tet: 00.00 28.5 21.4 Caland Hidge	29.56. 21.74; R. Telephona
391, 30 Aetna Life & Gas; 99 243, 15 Ahmanson (H.F.) 21 483, 3258 Air Prod & Chem 48 163, 83, Akzona	581 ₂ 413 ₅ Connec	3514 26 Harrischfeger 1512 29 2278 Harris Bancp 27	1654 1219 Munsingweat 15 1614 1219 Murphy (GC) 15 4173 2514 Murphy Ol 17 4173 2514 Murphy Ol 17 2514 Murphy Ol 17 2514 Murphy Ol 17 2514 Marphy (GC) 15 2514 Marphy (GC)	403; 273; Shell Oit	265s 11-4 Bow Valley	35.6 26.2 G st-Brocades 29.20 65.1 48.2 Heineken 55 54.3 14.80 Hopgovers 14.80 24.1 14.80 Hopgovers 14.80	19.30; 7.65 SHK Props
565g 23 klbany In I	2634 1518 Cons Freight	36 29-4 Harsco 34 s 4934 21 Hects Mining 36 s 4612 35 s Heinz (HJ) 44 s	2118 11 Napro Industries 1919 2434 1538 Nat. Can 2012	413g 295g Signode 4014 103g 75g Simplicity Patt 953 103g 65g Singer 93g 14 91g Skyline 123g	18 12:2 S.C. Forest	29 20.3 int-Muclier	JAPAN
3612 2512 Alegheny Ludm 3314 6012 4214 Alled Chemical 53 25 1918 Allied Stores 2312 34 23 Allie-Chalmors 32	295g 22 Conti Group. 281g 325g 255g Conti Group. 311g 311g 213g Conti Illinois. 273g 161g 123g Conti Telep. 145g 741g 443g Control Data. 71	24 15½ Hercules	30 221 ₂ Nat. Detroit	14 91s Skyline 123s 46 29ss Smith Intl. 411: 641: 45 Smith Kine 573: 18 91s Sonesta Intl. 18 12 6 Sony 118	35:2 29:4 Can Packers 31:2	60.9 54.7 Ned Cred Bank 27.20 244 191 Ned Mid Bank 234 98 70 Nedlloyd	High , Low Yen 683
18 12 Alpha Portd 16½ 697 ₈ 53 Alcoa 675 ₄ 451 ₂ 251 ₂ Amal. Sugar 41¼	471 ₂ ; 295 ₈ 'Cooper Inds	401: 26 Hilton Hotels	21 161s Nat. Service Ind 1912 205s 131s Nat. Standard 151s 315s 255s Nat. Steel 271s 581s 271 Natomas 551	17% 12½ Southeast Banky 17% 27% 20% 5th. Cal. Edision 25% 13% 104 Southern Co 12% 12% 12% 12% 12% 12% 12% 12% 12% 12%	271 ₂ 18 Can Truston 254 ₁ 295 ₂ 22 Can Imp Bank 285 ₂ 295 ₂ 245 ₃ Cdn Inds 277 ₃ 501 ₅ 347 ₃ Cdn Pacelle 275 ₃	19.1 5.9 OGEM 8.70 28.80 19.6 Ommeren (Van) 28.40 57.2 38.5 Pekhoed 42.40 20.8 15.7 Philips 17.10	471 340 Asahi Glass
5812 4012 Amax 48 6538 41 Amerada Hess 3012 1114 634 Am, Airlines 914 873 59 Am, Reports 8034	201, 1614 Copperand 1952 64 455s Corning Glass 63	7814 3514 Honestake	161 ₂ 103 ₈ NCNB 161 ₈ 80 521 ₂ NCR 705e 251 ₂ 173 ₈ New England EL 215 ₃	563s 30 Sthn N. Eng. Tel. 3514 453s 304 Sthn Pacific 3673 7614 513s (Sth Railway 745s 30 175s Southland 2221 30 21 SW Bancsbares. 288s	28 23: Gdn Tire	52,1 27,1 Rijn-Scheide 48,20 185,0 152 Robeco 181 110,3 103,4 Rodamco 104,70 175,5 135,4 Rolinco 175,50 116 103,4 Rorento 113,90	1,000 701,Daiei
38 254 Am. Broadcasts. 313; 3614 2712 Am. Can	511g 30 Cox Broadcast 9 501g 44 511g Grane 37 365g 243g Grocker Nat 341g 31 93 Grown Cork 285g	1912 1214 Hoover Univi	385g 283, New Eng Tel 385g 175g 153g NY State E&G 1512 321g 181, NY Times 303g 551g 3114 Newmont Mining 49 141g 103, Niag, Mohawk 1273	59% 41% Sperry Corp 52% 1812 13 Spring Mills 1714 27 18 Square D 2614 39% 2714 Squibb 2714	2914 155: Chieffain	175.3 143.8 Royal Duten	321 271 Dalwa Saiko 310 439 369 Ebara 405 1,050 834 Ebal 1,080
384 261 ₂ Am. Gen. Insnee, 35 233 151 ₄ Am. Hoist & Dk 185 ₆ 31 211 ₂ Am. Home Prod 308 42 24 Am. Hosp. Supply 3934	369g 23 Cummins Eng 329g 30 1514 Curtiss-Wright 225s 10 37g Damon 94g 261s 161s Dana 241g	4914 3534 Houston Nt Gas-1 4534 3578 1918 Houston Oll Min. 3412 3244 1778 Hudson Bay Ming 2512 7118 4858 Hughes Tool 6813	357g 271g NIOOR Inc	29 19 'St'd Brds Paint 2712 8118 5334 St'd Oil C'ilfornia 7534 82 St Oil College 584	11 4.85 Daon Deve	108.0 73.8.Viking Res: 102 41.1 28 VMF-Stork 37.50 93.5 75.2 VNU 80.50 67 45 Volker-Stevin 48.50 342.8. 215.1 West Utr. Bank 248	3,150 2,450 Tujimu ranuc 1,930
507g 285; 'Am. Medical Int. 486g 91g 45g Am. Motors 554 5534 407g Am. Nat Resces. 417g 575g 31 Am. Petfina 57 391g 231g Am. Quasar Pet. 34	4431 3514 Dart Inds	581 ₆ 327 ₈ Humana 531 ₄ 137 ₈ 9 Kunt (Philip A) 115 ₈ 17 81 ₄ Husky Oil 151 ₄ 401 ₂ 191 ₈ Hutton (EF) 361 ₈ 251 ₈ 97 ₈ Huyok 25	41 21 km rfolk & Westd 58 km 48 km 250 km km 41 km 250 km 41 km 250 km 41 km 250 km 25	54 8 41 Std Oil Ohio	20 145 Dom Bridge 19:a 42 305 Dom Foundries A 38 20:c 17 Dom Stores 185 505 213 Domtar 245	ITALY 1980 Aug. 29 Price	584 470 Hasegawa 510 678 585 Helwa Ri East 600 313; 231 Hitrachi 510 658 492 Hitachi Koki 616 686 517; Honda 523
68 4514 Am. Standard 64 30 204 Am. Stores 27 55 4512 Am. Tel. & Tel 5314 2213 Amrac 32	211g 117g Den'nys	32 ¹ 4 18 ¹ 5 IC inds 32 ¹ 4 39 ¹ 4 27 INA Corp 18 ¹ 5 9 ¹ 6 IU In 18 ¹ 5 18 ¹ 5 24 6 ¹ 2 37 ¹ 8 Idea! Basic Ind 24 6 ¹ 2 37 ¹ 8 Idea! Toy 5 ¹ 8	5812 3778 Northrop	291 18 Stokey Van K 25 2 44 51 Sun Co	156 8012 Falcon Nickel 12512 3912 25 Genstar	10.00 5.0 ANC	853 700 House Food
27 236 1616 Ampex 27 2714 1414 Amstar 27 4756 3 50 4 Amstead Inds. 4512	3614 : 2512 Diamond Shamk 5078 : 1436 : 738 DiGiorgio	93 ₆ 73 ₄ ICI ADR	59 2254 Nwestd Steel W. 2414 4576 31 Norton Simon 1712 1715 1205e Occidental Pet. 2715	1821: 1271: Superior Oil	11 5.50 Gulfstream Res. 97s 2014 1514 Hawk Sid. Can 1814 62 53 Hollinger Ags. A. 62 38 22 Hudsen Bay Mng. 2934	795. 519 Bastogi Fin	500 2390 JACCS
181 ₂ 14 iAnchor Hockg	19 1418 Dillon	27 Inland Steel 50 9212 55 Intel 8712 5354 2212 Interlake 27 3714 26 Interlake 3114 714 51 IBM 6512	4134 2759 Ogden	741 ₄ : 281 ₂ Tandy	3119 23 Hudson's Bay 2512 3815 2312 do. Oil & Gas 34 1911 95 Husky Gil 1732 1721 95 AC 1076	2,821, 1,779.invest 2,702 26,700 17,990:tizlcement 26,130 373. 235 italsider 573 189 139.25 Montedison 166,25 2,266: 1,453:Olivetti 2,150	574 460 Kashiyama
1812 : 125s 'Armstrong CK 1712 271s : 151c Asamera Oil 19 5712 : 301s Asarco 3914 415s : 2734 Ashland Oil 5713	3834 29 Dow Chemical	2634 17 Int. Flavours 2358 59 25% Int. Harvester 3134 1012 10 Int. Income Prop 1012 2058 1358 Int. Multifoods 2058 4854 7110 Int. Paper 4014	44 281 ₈ Omark	4454 5279 Tenneco	281; 211a Imasco	2,801, 1,825 Pirelli Co	719 610 Komatsu Fift 710 500 405 Konishiroku 490 381 353 Kubota 571
261s 171s Assal D Goods 243s 52 35½ Atlantic Rich 454 503e 5234 Auto.Data Prg 48% 29 191s Avco 244s 231 ₂ 151 ₂ Avery inti 215s	5412 3518 Oun & Brad 5534 4912 3278 Du Pont 443; 5514 25 E G & G 3378	304 18 Int. Rectifier 264 3515 2556 Int. Tel & Tel 3012 3914 2254 lows Beef 3818 4176 2014 Irving Bank 3958	2612 2015 Owens Illinois 2434 3818 1914 PMH Group 3212 3654 2666 PPG Inds	7834 57 Texas Eastern 693; 3444 2334 Texas Gas Trn 291; 2756 7758 Texas Instruts 1203; 574 3276 Texas Utilities 171; 5313 3018 Texas Guiffies 171; 455;	394 271 Kaiser Res	17,800 8,950 Toro Assic	541 430 Maeda Cons 533 1.190 956 Makita
59 21% Avnet	185 ₃ 135 ₈ Easco 165 ₄ 111 ₂ 61 ₈ Eastern Airlines 91 ₈ 251 ₈ 165 ₈ Eastern Gas & F. 221 ₄ 664 ₄ 433 ₆ Eastern Kodak 641 ₈ 313 ₄ 201 ₄ Eaton 501 ₄	2754 1912 James (FS)	24% 171s Pac. Lighting	2958 -21 Textron	1335 7 Massey Ferg 94 98 47 McIntyre Mines. 91 1015 6 Meriand Explor 83 3412 15 Mitel Corp 3418 39 3214 Moore Corp 3814	1980 Ang. 29 Price High r Low Kroner 115 101.5 Berger Bank	656 496 Marudsi 620 786 598 Marui 734 788 64? Matsushita 734 596 505 M ta Elec Works 580
24 11 ₂ 201 ₂ Bant Gas & El. 235 ₃ 411 ₂ 201 ₂ Bancal Trist. 271 ₄ 301 ₆ 153 ₆ Bangor Funta. 245 ₄ 271 ₅ 201 ₆ Bank America. 25 365 ₈ 271 ₆ Bank of Ny. 344 ₄	185e 1114 Echlin Mfg	324 183s Johnson Contr 265s 855s 655s Johnson & Jns 793s 1054 652 Johnson & Jns 101s 227s 145s Jostens 224 505s 27 Joy Mfg 2484	61g 57s Pan Am Air	2814 1834 Tiger Intl 2512 6834 8818 Time Inc. 5773 4314 2814 Times Mirror. 411s 6078 4514 Timken 58	1475 10 Mountain State 123; 18 12 Nat.Sea Prods A. 121; 35 2258 Noranda Mines, 281;	128 112 Creditbank	420 367-M bishi Sank 415 724 606 M bishi Corp 689 210 185 M bishi Elec 206 445 337 M bishi Ri Esc 414
58% 3612 Bankers Tst. N.Y. 5412 39 2054 Barry Wright 5758 58 324 Bausch & Lomb 5558 503, 3618 Baxt Trav Lab 48 2438 17 Beatrice Foods 2218	4034 2978 Emerson Elect 3778 1714 1219 Emery Air Fgt 1678 3559 2514 Emhart	2614 1754 K Mart 2516 2678 1678 Kaiser Alumin 2412 6014 2578 Kaiser Steel 443, 3158 1918 Kaneb Services 2912	2814 2014 Pennay JC	2314 133a 1Tipperary	55 37 Nthn. Telecom 381 ₂ 251 ₂ 151 ₃ Oakwood Pet 181 ₄ 3.25 1.85 Omni	147.5 112.6 Storebrand	557 440 Mitsui Ri Est
53% 25% Beckman Instr 51 19% 91; Beker Inds 19% 291% 18% Bell & Howell 27% 15 6% Bell industries 1212	5914 255a Enserch	1256 55 Kaufman Brd 1076 2418 1218 Kay Corp 2418 2112 155 Kellogg 1976 4378 2434 Kannecott Cpr 2814	285s 30 Pepsico 265s 553s 561s Perkin-Eimer 58 561s Perkin-Eimer 58 561s 287s Petrolane 59 411s 411s	1914 1456 Transamerica 18 3734 2912 Trans Union 3434 2713 2012 Transway 2514 1956 10 Trans World 1732	92 604 Pan Can Patrot 88 35 ± 24 Patrino	High Low Kronor 185 143 AGA 163 143 112 AHa-Laval 135 86,5 61 ASEA 62	770 650 Nippon Garkt 460 485 408 Nippon Meat 460 2,470 1,090 Nippon Olt
263g 173g Beneficial	235g Ethyl	84 5514 Kerr-McGee	471 ₂ 253 ₄ Phelps Dodge 343 ₈ 155 ₈ 12 Philip Elect 153 ₆ 481 ₂ 29 Philip Morris 441 ₈ 605 ₈ 381 ₈ Philips Pet 431 ₄	213 161 ₂ Tri Continental 21 261 ₃ 151 ₅ Triton Oil Gas 25 394 30 20th Cent. Fox 343 ₄	4514 ! 2012 Ranger Oil	80 60 Atlas Copco	149 118/Nippon Steel
2512 1758 Black & Decker 2054 31 22 Block HR	15 97s Faberge	273; 191g Knight Rdr. Nws. 2012 365g 161g Koehring 365e 30ag 191g Koppers 27 4814 593; Kraft 451g 9 31e Krophier 71g	51 301s Pioneer Corp 4814 5934 281s Pitney-Bowes 543s 287s 19 Pittston	17 10 ¹ 4 Tyter	54% 51% Royal Bank 55% 20 12% Royal Trustco A 12% 15% 95% Sceptre Res. 12% 58 40 Saegram 66 40% 28 Snell can Oil 305%	105: 84 Ericsson. 84 175: 139 Esselte. 169 119: 79 Fagerstz. 80 48: 56.5 Graenges 85.5 142: 75 MoDomaloe. 103	385 317 Nisshin Flour 360 185 137 Nisshin Steel 147 440 368 Nontura 401 340 262 NYK 302 962 651 Olympus 911
25% 195% Borden	105g 51g Fed. Resources. 77e 34 215g Fed. Dep. Stores. 305g 291g 223g Fieldgrest Mi 283g	255. 1476 Kroger	565a 197a Plessey	49 365; Union Camp	3814 ! 2514 Steel of Can A 5478	95 63 Saab-Scanla 69 216 174 Sandvik 185 264 227 Skandla 242 163 105 Skan Enskilda 125 77 58 SKF 69	1,150 900 Orient 1,060 2,390 1,700 Ploneer 2,110 584 483 Renown 550 655 525 Ricoh 559
3814 2879 8P		513g 193g Leaseway Trans. 297g 321g 203g Lenox	2018 1512 Pub. Serv. E & G. 1954 2418 1754 Pub. S. Indiana 2012 41 20 Puliman	34 2258 Union Oil Cal	321 ₂ 191 ₃ Texano Canada 241 ₂ 19 131 ₃ Thomson News A 183 ₄ 321 ₂ 233 ₂ Toronto Dom Bk 301 ₄ 29 201 ₂ Transcan Pipe 24 16 10 Trans Mnth Oil A 151 ₅	212 148 St. Kopparberg 195 72.5 53.5 Sven Handelsbn. 70.50 98 75 Tandstik 86.5 89 51 Uddenim 52	295 226/Sapporo 235 810 627/Sekisui Prefab 740 625 468/Sharp 600 1,010 865/Shiseido 912
3514 2178 Brown Grp	4712 321s 1 stCity Bank Tex. 415s 47 3254 1st In! Banc 42 49 2134 1st Missiasippl 49 3458 247s 1st Nat. Boston 335s	6834 3836 Liggett Group 6858 6034 4616 Lilly IEIN	32 31 Purolator 271s 341s 241s Quaker Cats 29 371s 181s Quanex 271s 73s 41s Questor 51s 271s 65s 265s 266s	4534 5576 US Fidelity G. 42 2214 11 US Filter. 2136 3739 2578 US Gypsum 3458 2612 1218 US Home. 2578 934 678 US Inds. 8	213a 1054 Urd Siscoe Mines: 1934 51 197a WalkenHrm/C.H.; 295a 5.45 3.10 Warrior Res	84,5 62,5 Volvo 62,5 D SWITZERLAND 1980 Price	2,690 1,550 Sony
2314 15% Bucyrus-Erle 21 2314 15 Burlington ind 21 7936 35 Burlington Nrhn 40 25% Burndy 37% 86 61% Burnoughs 664	9 44 1st Pe nn	4734 2332 Lookheed	1318 978 Raiston Purina 1112 878 558 Ramada Inns 819 5 334 Rank Org ADR 4 8912 6314 Raytheon 8512	281 ₈ 161 ₂ US Shoe		High Low Aug. 29 Frs. 1,360 1,110 Alusulase 1,260 1,890 1,600 Brown Boveri 1,600 1,275 970 Clba-Gelgy 1,115	600 521 Taisho Pharm 555 617 458 Takeda
5114 3414 CBI Inds	3534 2214 Ford Motor	- 2834 1834 Louislana Pac	68 271 ₂ Reading Sates	1918 1458 Utd Technolgs 4938 1918 1458 Utd Telecomms 1712 1712 1814 VF		1,000 740 do (Part-Certs) 365 2,480 2 055-Credit Suisse 2,370 2,640 2,030 Elektrowatt 2,570 880 730-Fischer (Geo.) 875 70,250-51,000 Hoff-Roche PtCts 70,000	600 478 T85 530 667 537 Tokio Marine 529
2712 1973 Campbell Tagg 25 1914 1312 Canal Randolph. 1812 4318 2936 Can. Pacific 4112 4218 19 Carlisle Corp 38	! 754 323a iFreeport Minj 56	141s 51s Macke	26 2014 Republic Steel	131 ₂ 7 Vernitron	FRANCE	7.050; 5,100 Hoff-Roche 1-10. 7,000 5,600; 4,825 interfood	208 178Toshiba 205 242 205Tokyn Corp 221 472 395TOTO 455
25 25s Carp Tech	551g 59 Gannett Durg	3514 2718 MYCrs Hanover 31 4758 -3234 Mapco 4618 7214 4678 Marathon Oil 5934 2114 1319 Marine Mid 19 2634 1814 Mariey	5476 21 Revco (DS)	3414 2224 Walker (Hm)C.H, 255s 271s 1912 Wallace Murray 2512 5014 2612 Wal-Mart Stores. 4814 1714 117s Warnaco	High Low Frs. 2,640 1,780 Emprunt 42,1875 2,640 8,697 5,690 Emprunt 72,1973 8,500 4,391 3,605 CNE 32 5,697	3,600 3,050 Nestle	838 715 Toyota Motor 784 1,960 990 Victor 1,650 795 665 Wacoel 720 1,060 825 Yamaha Motor 879
605; 401; Gelanese Corp 551s 475; 294; Centex 591s 151s 112s Central & SW 131s 211s 97s Central Soya 161s 275; 215s Central Tel Util. 247s	3934 2258 Gelco	271g 17 Marriott	3934 276e Reynolds Mtis 355e 255e 177s Rich-Merrell 2312 331; 1912 Rite Aid 301c 3634 22 Roadway Exps 344 101s 67g Robins (AH) 10	25 . 171s Warner-Lambt 201s 211s 16 Washington Post 21 723s 367s Waste Mangt 697s 27 221s Weis Mkts 261s	428 328 Afrique Occid	295 230 Schindler (PtCts) 272	316 227 Yasuda Fire 287 849 600 Yokogawa 8dge. 650
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241 ₂ 171 ₂ Citicorp	33½ 22½ Georgia Pac 27½ 86¼ 43 Geosource 82¾ 25½ 177₃ Gerber Prod 22¾	3714 2458 McGraw-Hill	3718 248 SP3 Technology. 3314 4014 3112 Safeco	1034 1136 Wickes	289 283,2°CFP 227x 42.8° 30,2'DNEL 34.5 884 602'Dumez 884 388,6° 316'Ferodo 366.6°	0.42 0.24 Audimoo	33.50 21.50 East Drie
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Inc	dices	}		AUSTRIA	89.9 71.4 Moulinex 73 263.6 215 Paribas 260 115 88.3 Pechiney 105. 344 246 Perned Ricard 534, 240 166 Perrier 214x	0.39 0.15 Brunswick Oil 0.32 7.10 4.65 CRA 5.20 7.80 4.52 CSR 7.46 2.10 1.80 Cariton & Utd 1.86 3.09 2.85 Castlemaine Tys. 3.05	12.00 1.40 Sorac. 1.50 1
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eindustr is 952,59 950,58 945,09 955,41,9	<u> </u>	AUSTRALIA Sydney Ali Ord. (1855/59; 955.19; 964.85; 97 Metal & Minris. (1956/59; 6147.88 6217.52/651	3.70 978.54 978.54 (25/8) 760.00 (2/1)	285 265 Perimooser	142: 11.7 Rhone-Poulenc 122.1 288 220 Roussel-Vciaf 256 139.7: 119 St. Gobain 128 1,040' 616 Skis Rossignol 856 292: 260 Suez 289	9.50 5.20;Cons. Gold	1980 Aug. 29 Price Cruz 2.53 1.09 Acesita 1.75 4.67 2.45 Banco Brazil 3.88
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Trading Vol. 53,510 38,890 44,000 41,700.3		Belgian SE (51/12/55) 92,77' 95,59! 9 DENMARK Copenhagen SE (1/1/75) 85,67 86,59 8		1980 Aug. 29 Price Fis. 2,450 1,340 ARBED	1980 Aug. 29 Price	1.16 0,83 Jennings 1.12 2.80 1.40 Jimberiana Min. 1.50 1.61 1.25 Jones (D) 1.38	4.00 2.55 Souza Cruz 3.00 7.30 4.80 Unip PE 7.20 11.90 2.95 Vale Rio Doce 10.60
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STANDARD AND POORS Aug. Aug. Aug. Aug. 36 28 27 26	Aug. Aug. 1980 Since Cmpil't' 22 High Low High Low	FAZ-Aktien (61/12/58) 229.68 230.66 23: Commerzbank (Dec.1958 718.5 728.8 76: HOLLAND ANP-CBS General (1970) 84.9 85.4 8	0.0 750.7 749.2 (25/2) 887.0 (27/8)	4.210 2.700 Fabrique Nat 2,91 2.600 2.205 GB-Inno 2,30 1.695 1,250 GBL Inno 1,300 1.328 880 Gevaart 1,24 3,196 2,480 Hoboken 2,52	318.5 251 Bayer-Versin 201 318.5 251 Bayer-Versin 201 217 164 BHF-Bank	2,80 2,52 Nat Bank 2,73	Banking, insurance and Finance. Bank Leumi le Israel 809 + 17.0 IDB Bankholding 884 + 32.0 Bank Hapozlim Br 753 + 12.0
2indust'is 158.89 188.65 140.50 141.67 \$Composite 122.36 122.68 125.52 124.84	142.26 145.26 145.26 111.05 142.86 8.52 (22/8) (27/7) (15/8/80) (80/6/32 125.16 128.62 128.62 98.22 125.85 4.49		5.5 65.4 68.2 (11/1; 68.2 (29/5)	1,700 1 440intercom	186.4 150.4 Commerzbank 170.6 68.5 42.2 Conti Gummi 63.1 274.5 226.5 Dalmier Benz 263 255.5 220.5 Degusa 245.5	1.55 1.05 Nicholas Int. 1.30 4.35 2.80 North Bkn Hill. 3.80 5.00 2.90 Oakbridge 3.95	Unton Bank Israel Br. Utd. Mizrabi-Bank 592 + 27.0 Hasaneh Insurance Br. General Mort. Bank Br. 655 + 13.0
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Ind. P/E Ratio 8.34 Long Gov. Bond Yield 11.32 N.Y.S.E. ALL COMMON	8.56 8.32 8.49 11.10 10.87 8.96 Rises and Falls	Dow Avarage (19/5/49) \$814,0 6879,83 683 Tokyo New SE (4/1/68) 478,82 476,85 47	0.66 6306.05 5350.66 (27/8) 5475.93 (27/8) 3.48: 477.84 479.56 (25/8) 449.01 (10/5)	2,735; 2,295 Traction Elect 2,540 1,555; 1,210 UCB	148 116 Dyck Zement 135 224 191 GHH	0.80 0.39 Spargos Expl 0.68	Property and Building — — — — — — — — — — — — — — — — — — —
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70.5370,3571,1571,86 72,47 55.3 (22/8) (27/8	0 Unchanged	SOUTH AFRICA Gold (1858) — (u) 82: Industrial (1958) — (u) 51:	2.5 809.7 822.9 (27/6) 649.5 (2/7) 1.5 619.7 923.5 (2/18) 456.0 (2/1)	1980 Aug. 29 Price Krona 136,5 108 Andelsbanken 108 357 218 Baltica Skand 350 25	200 158 Kaufhof 173 173 229 198.5 174 209.5 57.8 40 Kjoeckner 45	4.25 2.75 Wormald Intl 4.15	Argemen Textile 8r 389 + 28,0 "Ate" Textile "8" 265 + 24.0
MONTREAL Aug. Aug. 29 28 28 1 28 28 28 28 28	Aug. 27 26 High Low 580,74 595,69 425,90 (29/2) 525,21 (27/5) 565,59 569,68 578,80 (29/2) 296,96 (27/6)	SPAIN Madrid SE (28/12/79) 105,82 105,46 100 SWEDEN Jacobson & P. (1/1/53) 555,15 554,88 55	7	79.5 25 Burm & Waln 25 121 102.75 CopHandelsbank 108 263.75 189.75 D. Sukkerfab 259 130 100.75 Danske Bank 107.5	337 274.5Linde 323ad 87.5 70 Luftharia 75.1 204 174.5[MAN 185.5 137.5 112.8]Mannesmann 120.6	SINGAPORE 1980 Aug. 29 Price High Low 8	Amer. Israeli Ppr. Mills 1.130 ± 33.0 Assis 523 ± 43.0 Elite 4237 ± 167.0 Tava Reg. 1501 ± 171.0 Fuel and Oil
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Friday Stocks Closing on traded price day Tesoro	Stocks Closing on traded price day A ATT	Capital Intl. (1/1/79) : 148.8 150	1.0 150.5 160.9 (21/8) 120.6 (21/5)	193.5 1-93.5 Forence Dampsk 189.35 202.75 156.5 [ANT Hidg	268 240 Rosenthal 278 288.8 175.2 Schering 224.2 285.1 247.5 Slement 274.5 90.9 61 Thyssen 61 178 138 Varta 154.5	7.90, 4.88 Malay Brew	Spanish prices, Page 14
18M	Gosst Corp. 277 500 37 4 1	and Poors—10; and Toronto—1,000; the bonds. \$400 industrials. \$400 industrials. \$400 industrials. \$400 industrials.	last named based on 1975. † Excluding rials plus 40 Utilities, 40 Financials and	153 105 Prov rebanken 108,5 299 238,50 Smidth (FL) 948 399 306 S. Berndsen 393,25 123.5 95,75 Superfor 124,75	178 158 (Varta 164.5 160.3; 131.7/Vetra 157.3 278 260 (Verein-West 274 191.1 165.5/Volkswagen 172.9	9 36 1 46 0 - 61 1	quoted on the individual embanges and are last under process. S. Desfings excepteded, and Ex-dividual, as Ex-dividual.

IVII Cornelius Group reorganisation

Following the European link-appointed assistant managing viously with Johnson and BRITISH AIRPORTS AUTH-p between Bill and Cornellins director for the new company. Johnson has been appointed ORITY for five years from f the U.S., the new IMI operations director. September 1. Mr. King was an up between BdI and Cornelius director for the new company.
of the U.S., the new BdI
CORNELIUS GROUP has an nounced a reorganisation of its European operations from

Three new companies will be formed: IMC Cornelius Group, Bradford, co-ordinating the acti-vities of the operating companies and distributors, especially in the areas of new product develop-ment marketing and finance: ment, marketing and finance; IMI Cornellus (UK), Alcester, handling all the drinks dispense products in the UK and Eire: and Marstair, Brighouse, covering the air conditioning activities formerly marketed through IMI Paxman.

Mr. Roy Amos, an executive director of IMI, becomes chief executive; IMI Cornelius Group. Mr. Robert Spencer, previously chairman of IMI Parman and Redditch Controls, becames deputy chairman, IMI Cornelius Group. Mr. Colin Greenwood, previously managing director, IMI Parman, is appointed managing director. Marstair, and finance and administration director for the new European IMI Cornelius Group. Cornelius Group.

Hitachi Koki
Hitachi Koki
Hitachi Koki
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Mr. Richard Johnson, presently been appointed managing director of Redditch Controls, Alcester, becomes managing director, IMI Cornelius (UK); and Mr. George Deller, presently managing director, The Cornelius Company (UK), is and Mr. Bob Chapman, also pre-

Mr. Ghias El Yafi has joined the ARINFI GROUP as director of corporate finance and group vice-president He was previously vice-president at Merrill Lynch International and Co. Mr. Bassam Boukamel has resigned as corporate treasurer of Sogex International (an Arab contracting and engineering company)
to join the Arinfi Group as
director of projects and group
vice-president. The Group is an
international investment and
merchant handing services commerchant banking services com-

Mr. K. J. Lomax has been appointed to the Board of THE CENTRAL MANUFACTURING & TRADING GROUP. He will be the chairman of, and have full executive responsibility for, the Group's industrial services division. He was previously the managing director of Wellman Incandescent in Birmingham.

Mr. Nick Hodges, formedly with Johnson and Johnson, has

Mr. Walter Teller has been appointed group finance executive of the LOW & BONAR GROUP, Dundee. He was previously finance director of the group's electrical engineering subsidiary, Bonar Long and Company. Mr. Ian Fraser group finance director, has resigned from the Board on taking up an appointment with Pittsburg National Seldon, a merchant bank in Sydney, Australia.

Mr. Eric Barlow has been appointed director personnel and industrial relations of NATIONAL GIROBANK from September 1. He will be based at Girobank, Bootle. Since 1970 he has been with J. Bibby and Sons successively as group industrial relations manager. group personnel controller and most recently as director of personnel, industrial group.

appointed managing director of PRONTAPRINT, succeeding Mr. F. Edwin Thirlwell, who become chairman.

The Secretary for Trade has appointed Mr. Michael King as a full-time member of the

engineer with Laing Construc-tion from 1961-74 when he joined the British Airports Authority as director of engineering. He transferred to Heathrow Airport as its director in 1977 and will continue to hold that post.

Mr. Edgar G. Turner, a director and deputy chairman of T. COWIE, has resigned from the Board and relinquished all other Cowie Group directorships but will continue as a consultant. Mr. D. N. C. Bedford has been elected to the Board of T. Cowie as an executive director.

Mr. Susumu Nakazawa has been appointed general manager of the London branch of the TOYO TRUST AND BANKING COMPANY. He succeeds Mr. Akira Jinnma, who is returning to Japan to take up a new position at the head office in Tokyo.

Sir Barrie Heath has been appointed to the Board of HESKETH MOTORCYCLES and Mr. Martin Richmond has been the beginning of 1980 he was group chairman of Guest Keen and Nettlefolds. He is a director of Barclays Bank, Pilkington Brothers, Smiths Industries and Tunnel Holdings and a member of the European Advisory Coun-

CONTRACTS

Coal Board orders worth £15.5m five-year

BOARD has awarded contracts Warrington. worth an estimated total of a year, include £10.75m for single order with a contract struts for colliery arches which worth about £750,000 for compon-£15.5m. The contracts, valid for go to 15 firms in Wolverhampton, Barnsley, Sheffield, Wednesfield, Oldham, Middlesbrough, Warley, Newark, Leeds, Newcastle upon Type and Stafford. castle upon Tyne and Stafford. Contracts worth £1.6m for halflocked coil guide ropes have been awarded to firms in Doncaster, Mossley, Musselburgh and Birmingham. Contracts worth

boots and shoes have been awarded to firms in Heckmond-wike, Wellingborough, Raunds and Bristol. Contracts worth

NATIONAL COALNewcastle upon Tyne, Sheffield,

BRENT CHEMICALS INTER-Brent Iberica S.A., part of the Group's Ardrox division, it includes magnetic particle inspec-tion equipment, effluent treat-ment plant and a paint shop.

YATE FOUNDRY, a Newman Industries Group company, has been awarded a Ministry of Defence contract worth more for the Centre, on which work than £350,000 for special is about to commence. The first Admiralty non-magnetic chain, phase of the Centre is due to The order is for nearly 60 tons be completed in January 1982.

alloy anchor chain for use on new Royal Navy minesweepers. More than 1600 fathoms of the chain are being supplied to a 26 mm diameter link size, in con-tinuous standard lengths of 15 fathems or half lengths, with a breaking strength of 28.3 tons.

A mechanical building services sub-contract for £1,58m has been awarded to MARRYAT JACKSON NORRIS, Croydon, for work on the first phase of the new recreation centre in Darling-ton, Co. Durham. The project is to be known as the "Dolphin Centre." The contract embraces all heating, ventilating and water treatment services, together with all hot and cold water services

Speedlink wins petfood contract

BRITISH RAIL'S high speed freight service, Speedlink, has won a five-year contract to move more than 300 tonnes of canned petfood daily from Paisley to Wisbech in Cambridgeshire.

The £500,000 a year contract was awarded by Spillers Food Ltd., which manufactures a wide range of petfoods at Barrhead. Apart from petfoods for Scottish customers, the entire Barrhead production is trans-ferred to the company's central distribution depot in Wisbech.

Previously, this traffic moved by road-but the creation of the Wisbech depot made rail attractive for long-haul bulk transport. Spillers has leased a former BR depot at Palsley Underwood and received a Government grant to carry out

European pen

GOLF CHAMPIONSHIP

WALTON HEATH · TADWORTH · SURREY 4TH-7TH SEPTEMBER 1980

72-hole, stroke play tournament on Thursday 4th-7th September 1980 with entries by

Severiano Ballesteros

Neil Coles · Dale Hayes · Bernard Gallacher · Greg Norman Nick Faldo · Sandy Lyle · Tony Jacklin · Manuel Pinero Lon Hinkle · Keith Fergus · Peter Oosterhuis · Gene Littler and other STARS from the U.S. TOUR

BUSINESS SEMINARS ON THURSDAY, FRIDAY AND SATURDAY. CELEBRITY PRO-AM ON TUESDAY 2ND SEPTEMBER

Ticket enquiries to:
Abbey Box Office (Sports Division) 27 Victoria Street, London SW1H 0HD Telephone: 01-222 3356

All Tournament details from: Arnell Sporting Promotions, Walton Heath Golf Club, Tadworth, Surrey Telephone: Tadworth 4134 (3 lines)



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PLANT & MACHINERY

1) ROLLING MILLS

12.5in x 24in x 21in wide 350 hp Four High Mill 12in x 30in x 25in wide 400 hp Four High Reversing Mill 5in x 12in x 10in wide variable speed Four High Mill Sin x 12in x 10in wide variable speed Four High Mill
3.5in x 8in x 9in wide variable speed Four High Mill
10in x 16in wide fixed speed Two High Mill
10in x 12in wide fixed speed Two High Mill
6in x 16in x 20in wide Four High Mill
150 x 100 mm x 15 hp Two High Tape Rolling Mill
110 x 100 mm x 10 hp Two High Tape Rolling Mill
110 x 100 mm x 10 hp Two High Tape Rolling Mill
110 x 100 mm x 10 hp Two High Tape Rolling Mill
110 x 100 mm x 10 hp Two High Tape Rolling Mill
110 x 100 mm x 10 hp Two High Tape Rolling Mill
110 x 100 mm x 12.5 mm x 25 Ton Coil
1200 mm x 3 mm x 20 Ton Coil
1500 mm x 3 mm x 10 Ton and 15 Ton Coil

1500 mm x 3 mm x 10 Ton and 15 Ton Coil 1000 mm x 2 mm x 5 Ton Coil 750 mm × 3 mm × 5 Ton Coil 400 mm × 3 mm × 2 Ton Coil SLITTING LINES

1220 mm x 3 mm x 5 Ton Coil 920 mm x 5 mm x 10 Ton Coil 920 mm x 5 mm x 10 Ton Coil 920 mm x 2 mm x 2 Ton Coil 300 mm x 1.5 mm x 1 Ton Coil 36in and 48in Sheet Slitters

36in and 48in Sheet Slitters

5) WIRE DRAWING MACHINES

6 Block, in line, variable speed (560 mm dia x 25 hp DC)

9 Block, non-slip cumulative (610 mm dia x 25 hp AC)

8 Block, non-slip cumulative (360 mm dia x 25 hp AC)

6 Block, non-slip cumulative (356 mm dia x 25 hp AC)

Horizontal Drawblock variable speed (915 mm dia x 75 hp DC)

Horizontal Drawblock variable speed (456 mm dia x 15 hp DC)

Vertical Drawblock (2) variable speed (610 mm dia x 25 hp DC)

13 and 15 Die Cone Type & Spooler, 4500 ft/min (2 machines)

2 Die Cone tipe and finishing block, 750 ft/min

6) SHEARS AND GUILLOTINES

1220 mm x 25 mm Cincinatti Plate Shear

1220 mm x 25 mm Cincinatti Plate Shear
510 mm x 16 mm/50 mm x 30 mm FELS Scrap Shear
2.5 m x 3 mm high speed mechanical Guillotine, Keetona
SHEET LEVELLING ROLLS 920, 1150 and 1850 mm wide 8) HYDRAULIC SCRAP BALING PRESS, Fielding and Platt
9) FORGING HAMMER 3 cwt, slide type, Massey
10) AUTOMATIC COLD SAW, non-ferrous. Noble and Lund
11) ROTARY SWAGING MACHINE, 25 mm capacity
12) ROTARY SWAGING MACHINE, 25 mm capacity

12) 28in COLD SAW, Noble and Lund
13) ROD STRAIGHTEN, Cut-to-Length Lines 6 mm and 16 mm
14) BAR REFLING MACHINE, two Roll, PLAIT size one and two

WEDNESBURY MACHINE CO. LTD.

Oxford Street, Bilston Tel: 0902 42451/2/3 - Telex: 336414

WICKMAN 6 SP AUTOMATIC 11" rebuilt to maker's limits WICKMAN 6 SP AUTOMATIC 11" rebuilt to maker's limits WICKMAN 6 SP AUTOMATIC 21" recon. to maker's limits 200 TON HYDRAULIC PRESSES
200 TON MECHANICAL PRESS 8in stroke, as new
WEIDEMANN 75 TON TURRET PRESS capacity 120in x 60in x

quarter inch thick 32-station.

ROLLING MEL I lin x 11m wide Two High reconditioned HATEBUP PKE 13 COLD FORMING PRESS PRAUTER GEAR HOBBER P250 reconditioned MEDART BAR PEELER 4in reconditioned WICKES CRANKSHAFT LATHE MX4 reconditioned CAZENEUVE LATHE MODEL HB725 28in swing x 40in recond.

MALMEDIE 4-station COLD HEADER QP88 excellent MATRIX THREAD GRINDERS
CINCINNATTI CENTRECESS GRINDER No. 3 with 17in wide

ROLLS TOOLS LTD. 154/6 Blackfrairs Road, London SEI 8EN Tel: 01-928 3131 - Telex: 261771

CLUBS .

EVE has outlined the others because of a policy of lair play and value for morey. Supper from 10-3.30 am. Disce and top municials, attenton totalesses, excitot, short-hows. 189, Regent St. 734 0557. ARGOVIS 68 Deen Sylver Lottlon; W1.
MSW STRIPTEASE FLOORSHOW
CLOSE ENCOUNTERS
11-12-30 am. Shows at Middight; aid-fix
Mod.-Fri, Closed Saturdays, 01-437 8455.

COMPANY NOTICES

THE TOR INVESTMENT TRUST LIMITED ROTICE IS HEREBY GIVEN that the Registers of the Cumulative Preference Shares will be CLOSED from 12th to 24th September 1990 Inclusive.

By Order of the Board.

TODD, Secretary.

SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA Municipality of Misurata

The Municipality of Misurata invites enquiries from specialist international contractors

SEWER EXTENSION PROJECT

The work will comprise of the following: (a) Approximately one hundred (100) kilometres of Dipework and the corresponding road

(b) Four (4) pumping stations.

(c) One sewerage treatment plant.

Contractors who are considering tendering for this project should note the following points: 1. A fully-authorised representative of their company can, on presenting a non-returnable sum of five-hundred (500) Libyan Dinars, collect the tender documents at the Municipality of Misurata offices anytime after the 2nd August, 1980. Completed offers to be returned by twelve (12) noon on the 31st January, 1981 (or the first working day in Libya thereafter).

The contract will be on "All Trades" basis and the successful contractor will be responsible for the carrying out of all the Civils, Mechanical, etc. Works. Contractors will provide a short history of their company and authenticated certification of their experience and their ability to undertake this project. Articles of Agreement showing the composition of the company will also be required.

The successful tenderer will require to be registered in Libya and will also have an office in Libya. They will also be bound by the current Laws of Libya.

The successful tenderer will be required to appoint a Libyan National Company as their

Companies offering for this project will submit an initial bank guarantee with their offer. This guarantee will amount to 1% of their tender figure and it will remain valid for a period of 6 months from the closing date for the return of the offers. The offer submitted will remain valid for a period of six (6) months from the closing date stated.

All tenders will be submitted under sealed cover and the name of the project, together with the contractor's name and address, will appear on the outside cover and thus any offer which arrives after the date stated will be returned, unopened, to the tenderer. If any tenderer so wishes they may send ONE authorised representative to be present at the opening of the offers on the 31st January, 1981.

The successful contractor will be required to sign a performance bond of 5% of the tender amount within fifteen (15) days of being accepted. Failure to comply with this condition will entatil the forfeiture of the initial guarantee figure of 1%, stated in point No. 6. Contractors offering to carry out this work must provide a signed piedge to comply with the

HOTELS



Arab Boycott of Israel.





Tx. 79535

LEMBAGA LETRIK NEGARA TANAH MELAYU THE NATIONAL ELECTRICITY BOARD OF THE STATES OF MALAYA

PORT KLANG POWER STATION - PHASE I CONTROL AND INSTRUMENTATION CONTRACT CONTRACT No. 31/78/18
NOTICE OF PREQUALIFICATION TO TENDER

The National Electricity Board (NEB) of the States of Malaya plans to invite tenders by June, 1981, from prequalified manufacturers or suppliers for the design, supply, erection and commissioning of control and instrumentation systems for Phase I of Port Klang Power Station on the west coast of Peninsular Malaysia. Phase I of the development consists of two 300 MW gas/oil fired boilers and associated turbine generators. The C & I Contract is to include control valves, actuators, cabling, primary measuring devices and transmitters, control desks, electronic and computer based equipment for automatic control and centralised supervision. Manufacturers or suppliers who have extensive experience in similar works and who wish to prequalify to tender for the contract should submit their applications to tender to reach the Consulting Engineers by 20th October, 1980.

All applications to prequalify to tender must be made on prequalification application documents which have been prepared for the National Electricity Board and may be obtained, on payment of a non-refundable fee of Q5 to the Consulting Engineers. at the address below. Such applications should be clearly endorsed "Request for C & I Prequalification Application Documents. Port Klang Power Station—Phase I, Contract 31/78/18."

The prequalification application documents, which include a description of this contract, will be available on 8th September,

1980.
The National Electricity Board does not bind itself to accept the lowest or any tender and will not be responsible for any costs incurred in visiting the site or in the preparation of tenders or in

the preparation and submission of applications to prequality to

Ewbank Consulting Engineers

Ewbank and Partners Limited, Prudential House, North Street. Brighton, BN1 1RW, United Kingdom.

CONTRACTS AND TENDERS

This advertisement is not intended to be an offer for sale.

By Order of Bridgestone Singapore Co. Pte. Ltd.

Tire Manufacturing

Plant and Equipment for sale by Tender

Available as a whole or as individual items "as it is and where it is". Complete plant for the manufacture of tires and braided hose including:

* Tire and Band Building Machinery for all classes of tires with forming drums and spacers

* McNeill Single and Twin Dome Bag-O-Matics with loaders, P.C.I.s and Rims

*Tube Heaters and Moulds

* Banbury Style Mixing Plant and Allied Equipment

* Three Roll Calender Plant

* Rubber Extruders

* Steel Belt Manufacturing Plant

* Automatic Tire Drum Testing Equipment

* Complete Braided Rubber Hose Plant

To be viewed in Singapore by arrangement. Tender forms to be lodged by 14th November 1980. Catalogue, conditions of sale and tender forms from:

John Foord + Co

Industrial Valuers & Auctioneers 61 Queens Gardens, London W2 3AH Telephone: London 402 8361 Telex: 21120 (Reference 1171)

Bridgestone Singapore Co. Pte. Ltd. 2 Jurong Port Road, Jurong Town, Singapore 2261

Telephone: Singapore 651777 Telex: BSTIRE RS21386

CONTRACTS & TENDERS

appear every Monday

The rate is £19.50 per single column centimetre

A comprehensive translation service for engineering subjects for the People's Republic of China, the Middle East, Eastern Europe including Russia and Latin America. Plus complete in-house typesetting, artwork and printing facilities for Specifications, B.o.O's, Legal Documents, and Technical Manuals. Also translations by Telex and Facsimile.

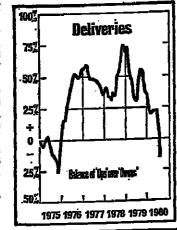
For details contact David Mealing WORLD-WIDE LANGUAGES
74 Newman Street, London W1P 3LA, England, Telephone: 01-836 4188,
Telex: 2854124, Facelmille: 838 9147

FT Monthly Survey of Business Opinion

GENERAL OUTLOOK

Growing pessimism

BUSINESSMEN are becoming increasingly pessimistic about the prospects for their indi-vidual companies. More than three-quarters of the companies interviewed this month say they are less optimistic than when last questioned in April. Consequently, the general business confidence indicator has fallen to around the lowest level since early 1974, during the period of three-day working. The main reason is that the recession is now more severe than had been Industry has, on balance,



become slightly less optimistic about the outlook for the economy as a whole though this indicator has not fallen signi ficantly in the past few months Many businessmen still appea to have confidence in the long term prospects for the Govern ment's policies. However several of the companies inter viewed mentioned the profoundly depressing effect of these policies upon manufac turing industry and at least on company wondered whether th Government was as concerne as it should be about this effec

GENERAL BUSINESS SITUATION	. 41	monthly	moving t	totzi	Engig.	logust 1	980 Paper
Are you more or less optimistic about your company's prospects than you were four months ago?	May- Aug. %	Apr july %	Mar june %	Feb May %	(1007- elec.)		Packaging Print/Pub. %.
More optimistic	15	22	23	25	- 2	· —	20
	77	33	35	37	2	36	
Neutral		45	40	38	96	64	80
Less optimistic	58	.45					

Statistical Material Copyright Taylor Nelson Group Ltd.

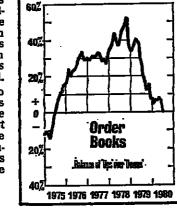
	· Less o	ptimistic	<u>'</u>		.43				-	
EXPORT	XPORT PROSPECTS (Weighted		by exports) 4 monthly			moving 1	total	August 1980		
Over the nex	rt 12 months export	May- Apr Mar Feb (non- Brev Ang. July June May elec.) Dist	Brews,	Paper Packaging Print/Pob. %						
		Higher		48	48	49	45	51	61	47.
		Same	_	21	20	18	21	30	39	31
		Lower	_	29	30	30	32	· 19	_	27
	Do	n't know		2	2	3	2	_		-

ORDERS AND OUTPUT

Demand falls sharply

THE DEEPENING recession is now showing up clearly in falling demand and output. There has been a marked deterioration in the indicator for new orders over the last four months with no engineering companies reporting a rise over the period.

The fall in orders has also worked through to deliveries where all three sectors are more inclined than they had been last April to report a drop over the last four months. More companies now say their deliveries are falling than say they are



rising. This indicator has declined significantly in the last few months.

The weakening of demand is also affecting expectations about future levels of output. There has been an increase in the num-ber of companies, notably in engineering, saying that they expect a fall in output of over 10 per cent in the next year. The overall indicator of expected production/sales turnover in the next 12 months has dropped to around the previous low point of October 1975.

NEW ORDERS	-	nonthly	moving t	total	ı	Lugust 3	980
The trend of new orders in the last 4 months was:	May- Aug. %	Apr July %	Mar,- june %	Feb May %	Eng'g. (non- elec.) %		Paper Packaging Print/Pub. %
Up	25	29	- 32	36		78	20
Same	13	. 15	18	20	5	18	7
Down	39.	29	20	19	92	64	57
No anwser	23	27	30	25	3		. 16

DRADUCTION/SALES THRUNCER

LUADACTION SWEETS TOUTAILE								
·	4	monthly	moving	total		August 1980		
Those expecting production/sales turn- over in the next 12 months to:	May- Aug. %	Apr July %	Mar June %	Feb May %	Engig: (non- elec.)		Paper Packaging Print/Pub %	
Rises over 20%	3	3	3	5	_			
Rise 15-19%	1_	5 .	4	7			<u>=</u>	
Rise 10-14%	3	. 2	4	5		_	20	
Rise 5-9%	9	12	21	21	. 5	_	9	
About the same	64	64	57	54	38	82	41	
Fall 5-9%	6	4	1	3	5	_	30	
Fall over 10%	. 6	3	3	1	30	18	· <u>-</u>	
No comment	<u>g</u> .	7	7	- 4	27	·	:	

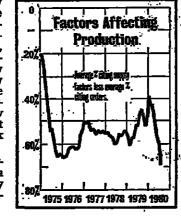
CAPACITY AND STOCKS

Below planned levels

inclined to say that they are working at below planned output levels than when last interviewed in April. Consequently, the capacity indicator has continued to fall sharply and is now down to the exceptionally low levels seen five years ago. The recession has increased uncertainty and fewer companies now say they are able to plan output for a period longer than six

More companies are now saying that output is affected by a shortage of orders, particularly from abroad, and fewer com-

CAPACITY WORKING



panies are complaining of shortages of components, raw materials or executive staff. The index of factors affecting prohas moved even further in the supply direction and now matches the level last

The fall in demand has meant that the indicator of stocks in relation to current sales trends has remained at the historically high level reached two months All three sectors interviewed this month expect stocks of manufactured goods to fall over the next year.

STOCKS						٠.	. :
	. 4	monthly	moving t	total		lugust 1	980
Raw materials and components over to next 12 months will:	May- he Aug.	Apr july %	Mar- June %	Feb May %	Eng'g. (pon- elec.)	Brews. Distill.	Paper Packaging Print/Pub %
Increa	se 20	29.	: 31	34	28		22.
Stay about the sar	ne 51	45 .	· 40	36	42	64	71
, Decrea	se 25	21	25	23	28	36	7.
No comme	ent 4	5	4	7	2		_
Manufactured goods over the next months will:	12 .	-					• .
Incres	ise 13	20	19	22	_	_	
Stay about the sar	ne 44	46	46	45	30	64	· 27
Decree	ise 17	13	19	18	33	. 36.	9
No comme	nt 26	. 21	16	15	37		64 .
FACTORS CURRENTLY AF	FECTING PRO	DUCT	ION				

	4 :	nonthly	moving t	total		wgust 1	980
	May- Aug. %	Apr july %	Mar June %	Feb May %	Eng'g. (non- elec.) %	Brews, Distill.	Paper Packaging Print/Pub. %
Home orders	91	87	· 85	80	100	100	78
Export orders	56	49	· 48	50	99	73	55 .
Executive staff	2-	4 -	9	9	<u> </u>		
Skilled factory staff	8	9 .	7 15	19	27	·	
Manual labour				2	2		
Components		7	1	6			
Raw materials	. 6.	9	15	19			
Production capacity (plant)	. 8	7	. 9	11	22		
Finance	5	3	7	2		18	
Others	2	-4	8 .	11			2
Labour disputes	10 .	8	16	.26	22		77:22
No answer/no factor	5	9	8		1		20

					Eng'g.		Paper
	May- Aug. %	Apr July %	Mar June %.	Feb May %	(non- elec.) %	Brews.	Packaging Print/Pub. %
Above target capacity	-5	6	6	6		_	
Planned output	39	50	62	· 68	24	_	59
Below target capacity	55	43	31	25	76	100	41
No answer	1	1	1-	1			

THE MARKET ELECTION TO THE

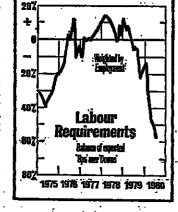
4 monthly moving total

INVESTMENT AND LABOUR

Big job fall expected

COMPANIES responsible for the employment of nearly two-thirds of the labour force covered by the survey now expect employment to drop over the next year. All three sectors covered this month are more inclined to expect a drop than they were in April. All the engineering companies questioned say that lack of present or forecast demand is dis-couraging them from increasing

employment levels. Overall, a majority of companies mention product demand as a constraint on the number of employees rather than the



structure of labour supply. There has, for example, been a steady decline in references to difficulties in recruiting staff with suitable skills.

There has been little change in the pattern of answers about expected levels of capital spending over the next year though the paper and connected industries group has revised down its plans. Consequently, the in-vestment indicator shows little change with around 30-per centof companies still expecting to increase the volume of their spending....

LABOUR REQUIREMENTS (Weighted by employment)

·		nonuny	MOAINE A	DO CALI	August 1980		
hose expecting their labour force over he next 12 months to:	May- Aug. %	Apr July %	Mar June	Feb May	Eng'g. (non- elec.)	Brews. Distill.	Paper Packaging Print/Pub.
fncrease	8	8	6.	.6	12	<u> </u>	1 :-
Stay about the same	26	30	36	35	10	28	40
Decrease	65	61	55	53	76	72	59
No comment	1	1	3	6	2		

CAPITAL INVESTMENT (Weighted by Capital Expenditure)

	4	monthly	moving	total	 4	lugust · i	1980
Those expecting capital expenditure over the next 12 months to:	May- Aug %		Mar June	Feb May %	Engig. (non- elec.)	Brews.	Paper Packaging Print/Pub.
Increase in volume	30	29	31	30	26	20	12
increase in value but not in volume	14	78	18	22	<u>_</u>	20	
Stay about the same	78	17	16	34	33	72	. 24
Decrease	33	32	34	32	39	40	49
No comment	5	4	7	2		- 8	13

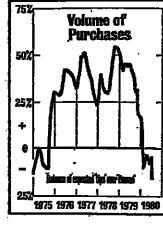
4 monthly moving total

August 1980

COST AND PROFIT MARGINS

Inflation eases

now clearly easing. A third of to 16½ per cent. the companies interviewed in There has a the engineering sector expect wage rises of less than 10 per panies expecting unit costs to cent in the coming year. While most businessmen are still pro-



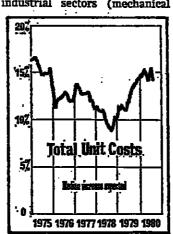
Inflationary expectations are over the last couple of months accounts for about 60 per cent There has also been an

increase in the number of comrise by less than 10 per cent, the median expected rise declined for the second month running to around 141 per cent. Both the brewing and distilling and the paper and connected industries expect smaller price increases during the next 12 months than they had done last April. The median expected change has dropped by roughly 1½ percentage points in two months to just under 14 per cent. The indicator of profit margins has fallen for the

fourth month running. The business opinion survey is carried out for the Financial Times by the Taylor Nelson Group and is based upon interviews with senior

executives. Three sectors and some 30 jecting double figure rises, the companies are covered each median expected increase over month in turn. They are drawn the next year has now slipped from a sample based upon the Associates, 457, Kingston Road, back a full percentage point FT Actuaries index which Ewell Epsom Surrey

of all public companies. The all-industry figures are four monthly moving totals covering 120 companies in 11 industrial sectors (mechanical



engineering is surveyed every second month). Complete tables can be pur-

chased from Taylor, Nelson and

				70	. 70	<i>7</i> 0 ·	/6	∵ /o
	5-9%	4				35	18	5
<u>. </u>	10-14%	. 28 .	20	13	71	25	64	36
	15-19%	47	62	· 66 ·	68	18	78	. 19
	20-24%	13	11	15	. 13			40
	No answer	. 8	7	6	. 8	22		7
Unit cost rise by:			_			_		
<u> </u>	0.4%			4	_ 4	- .	- يون	'n
	5-9%	8	6	4	. 5	71	78	22
	10-14%	39	38	30	37	47 ·	55	11
	15-19%	35	38	42	. 32	7	18	
	20-24%	3	3	5	4		· _ · · ·	
	Decrease	1		~	-	22	<u> </u>	
	No answer	13	15	15	18	13	9	20
					-			٠٠.
								

PROFIT MARRINS

COSTS

HOLLI MANGING						• • •				
	4 r	4 monthly moving total					August 1980			
ose expecting profit margins over the xt 12 months to:	May- Aug. %	Apr July %	Mar June %	Feb May %	Eng'g. (non- elec.)	Brews, Distill	Paper Packaging Print/Pub. %			
Improve	79	28	42	43	32		20			
Remain the same	38	30	27	28	27	82	46			
Contract	36	35	28	25	41	18	34			
No comment	.7	7 ·	3	4_						

Pannell Fitzpatrick&Co. Harris Kerr Forster & Company

Pannell Fizzpatrick & Co., Chartered Accountants error traction 1 September 1989 they will be adapting the firm's international name Pannel Kert Forster. At the same firme Harris Kert Forster & Company in the United States of America will also adopt this name as will office sin other

Theadoption of the name Pannel Kerr Forsier reflects the expansion KERR of the imminientationally.

FORSIER



Sime Darby Berhad

Correction The Company confirms that, as notified to the

Stock Exchange, it proposes to pay a final dividend of 8.5 cents gross per share NOT 13.0 cents gross per share, as incorrectly stated in the note to the advertisement on 29th August This final dividend, plus the interim dividend

of 4.5 cents gross per share paid on 30th May 1980, makes a TOTAL dividend proposed for the year ended 30th June 1980 of 13.0 cents gross per share.

M cents per share Gro	ss N
INTERIM DIVIDEND 4.	5 2
FINAL DIVIDEND 8.	5 5
TOTAL FOR YEAR 13.	<u> </u>

AZIENDA AUTONOMA DELLE **FERROVIE DELLO STATO**

U.S. \$250,000,000 Floating Rate Notes 1988 rtible until February 1986 into 9¼ per cent. Bonds 1992 - 1:3:3:

For the six months period 29th August, 1980 to 27th February, 1981.

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 1213 per cent per annum, and that the interest payable on the relevant interest payment date, 27th February, 1981 against Coupon No. 1-will be U.S.\$323.87

> S.G. Worburg & Co. Ltd. Agent Bank

THE AIREY NEAVE MEMORIAL TRUST

MEMORIAL SCHOLARSHIPS

Airay Neava balieved in the supreme importance of Freetiom under the Law. For this he rought valiantly in wir and peace. To commemorate his his and work the Trust will provide scholarships for research into the extent of personal freedom under National Laws.

Anyons may apply for a scholarship. Candidates will be chosen after they have submitted an application form and an outline of the research they wish to undertake. (Scholarship Application Forms are available from the address below. Please send a stemped addressed envelope.)

On completion of their research, scholars will be required to write a paper or book which may be considered for publication.

HOW TO CONTRIBUTE The appeal remains open, and donetions or subscriptions by Covenant are most welcome. Contributions should be sent to the address below, from which Covenant Forms are also available.

THE AIREY NEAVE MEMORIAL TRUST.... HOUSE OF COMMONS LONDON SWILL DAA (01-937 0822) (Registered Charity No. 278606)



- Adonation, a covenant, a legacy to THE ARMY BENEVOLENT FUND will help soldiers ex-soldiers and their families in distress

LEFT KT DUKE OF YORK'S FIQ LONDON SHEASP.

BUSINESSMAN'S DIARY

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UK TRADE FAIRS AND EXHIBITIONS

Giftware and Fashion Accessories Trade Fair (08833 4371) (until September 4) International Watch, Jewellery and Silver Trades Fair (01-837 3636) (until September 4) Sept. 1-4 International Environment and Safety Exhibition and Conference (0727 55574)

London Nursing Exhibition and Conference (01-643 8040) International Carpet Fair (021-705 6707)
International Hardware Trades Fair (0727 63213) Sept. 7-12 Sept 9-11 Laboratory 80 (0799 22612) Chelsea Antiques Fair (0727 58069)
International Printing Machinery and Allied
Trades Exhibition—IPSX (021-705 6707) Sept. 9-20 Sept 11-19 MAB '80 International Menswear Fair (01-839 5041) Ready to Wear Fashion Fair (01-637 2400)
..... International Broadcasting Convention and Exhibi-

tion (01-240 1871)

Bristol Exhibition Centre Wembley Conference Centre

Metropole Hall, Brighton

Royal Festival Hall Harrogale Olympia Finals: Apex Properties GT Asia Sterling Fund Grosvenor House, W1 Chelsea Town Hall National Exhibition Centre,

Earls Court Harrogate

EXHIBITIONS

OVERSEAS TRADE FAIRS AND International Exhibition of Agriculture and Food Industry OMEC (until Sept. 4)
International Fair (until Sept. 20)
International Bridge and Structural Engineering Exhibition (until September 3) International Autumn Fair (01-493 3111) (until September 7) Sept. 4-9 Jewellery, Gold, Silver, Clocks and Gifts Exhibition RIJORHCA

Ready-to-Wear Women's Clothing Fair (01-439 3964)
International Leather Week (01-439 3964)
International Engineering Fair (01-278 0281)
World Fair of Photography, Photo, Cine, Audiovision—PHOTOKINA (01-409 0956)
International Autumn Fair (01-486 1951)
International Tunnelling Industries Exhibition and
Conference—EUROTUNNEL (0727 63213)
International Office Equipment Exhibition—SICOR 01-439 3964) BLIORHCA Sept. 6-9. Sept. 6-9 Sept. 10-18 Sept. 10-18 Sept 12-18 Sept. 17-26 Sept. 18-Sept. 23 . International Exhibition for Automobile, Motor Car Workshop, Service Station and Garage Equipment—AUTOMECHANIKA (01-734 0543)
Sept. 19-24 International Food Industry and Non-Food Products Exhibition—IKOFA (01-488 1951)
Sept. 21-24 Hardware Trade Show (QUOJEM) (01-405 8666)

Budapest Vienna

Cologne Basle

Munich

Uxbridge

Stratford-on-Avon

University of Birmingham

Southampton Row. WC1

Embassy Hotel, W2

Pall Mall, SW1

Cardiff Castle

Savoy Hotel, WC1

Horsham, Sussex

London Press Centre

Gloucester Hotel, SW7

St. Ermin's Hotel, SW1

St. John's College, Oxford

Portman Hotel, W1

Cafe Royal, W1

Cafe Royal

Great Western Royal Hot, W1

BUSINESS AND MANAGEMENT

Sept. 1-3 Brunel Institute of Organisation and Social Studies:
Understanding Production for non-production (01-839 1233)
Sept. 45 FT Conference: The new Sri Lanka—Opportunities for Business (01-621 1355)
Sept. 7-12 European Marketing Association: Marketing Management (021 742 4141) Sept. 8-12 IPM: The Work of the Personnel Department (01-387 2844) Sept. 10-12 BCPA: Complete Course for Personnel Officers (01-405-1023)
Sept. 11 South Glamorgan Institute of Higher Education:
Financial Futures — The Cardiff Seminar Financial Futures — The Cardiff Seminar (0222 492121) Sept. 15-16 FT Conference: Developing the Annual Company Report (01-621 1355) The Henley Centre for Forecasting. The Demanding Consumer of the '80s (01-353 9961)
Sept. 17 IPS: Successful Trading in Commodities, Money and Foreign Exchange (0990 23711) Sept. 22-26 IPM: Methods in Interpersonal Skills Training (029383 344) Sept. 23 College of Marketing: Innovation 1—New product search, licensing and the generation of new ideas (06285 24922) Sept. 24 ESC: The Profitable Exploitation of Microprocessors in Instrumentation and Control (057282 2711) Sept. 25-26 AMR International: It's about time management

Institute of Management Services: Energy Saving in Transport and Distribution (01-363 7452) Sept. 28-Oct. 3 ... AMD: Export Management (Windsor 56047)
Sept. 29-30 AMR International Positive Discipline (01-262)

Sept. 29-Oct. 2... Calus: Cost Engineering (0734 861101)
Sept. 30 College of Marketing: Innovation 2—Evaluation and acquisition of new products, processes and technologies (06285 24922)
T. Public Transport in the Eighties Conference Oct. 1 FT Conference: Financial Futures for European

Edinburgh Hilton Hotel, W1 Institutions (01-821, 1355) Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Financial Times Conferences

DEVELOPING THE ANNUAL COMPANY REPORT London — September 15 and 16, 1980

Mr. Klaus Sahlgren, Executive Director of the United Nations Centre on Transnational Corporations, and Mr. J. A. Burggraaff, Chairman of the International Accounting Standards Committee, will be taking part in this seminar which will consider whether reporting standards should be set by the UN, or by the OECD, or the international accountancy profession.

INVESTMENT IN MALAYSIA

Ruala Lumpur — November 3 and 4, 1980
Y. A. B. Dato Seri Dr. Mahathir bin Mohamad, Deputy Prime Minister of Malaysia, will be the keynote speaker at this two-day conference on Investment in Malaysia. The Government's proposals and policies for developing the economy and for encouraging investment will be examined by a distinguished panel of speakers which will include Y. B. M. Tengku Datuk Ahmad Rithauddeen, Minister of Foreign Affairs. Y. B. Datuk Ahdul Aziz bin Haji Taha, Governor of the Bank Negara Malaysia, and Y. B. Tan Sri Abdullah bin Mohamed Salleh, Chairman and Chief Executive of Petronas

The closing address on the future outlook will be given by the Minister of Finance, Y. B. M. Tengku Tan Sri Razaleigh Hamzah. All enquiries should be addressed to:

Financial Times Limited Conference Organisation Minster House, Arthur Street

London EC4R 9AX

Tel: 01-621 1355 Telex: 27347 FTCONF G Cables: FINCONF LONDON

Notice to Holders of European Investment Bank

US\$ 100,000,000 9% Notes due 15th September, 1980

Holders of the above Notes (the "1980 Notes") are advised that. subject to signature of a conversion and purchase agreement and to the satisfaction of the conditions to be contained therein, the 1980 Notes can be exchanged for 121% Notes due 15th September, 1987 of European Investment Bank.

Holders of 1980 Notes wishing to exchange such 1980 Notes should notify their bank not later than Friday, 5th September, 1980:

Banks may obtain further information about the procedure for exchange and the terms and conditions of the 121% Notes due 15th September, 1987 from:

Union Bank of Switzerland (Securities) Limited The Stock Exchange Building, London EC2N 1EY Tel: 638 0582 Telex: 8811604

29 August, 1980

 $x_1 \in Y \cap Y_1$

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

H.A.T., Barley Wood, Wrington, Avon. 12.00 12.00 Abrasives, George Hotel, High St., Colchester, Essex, 12.00

DIVICEND & INTEREST PAYMENTS

NEW ISSUE

BOARD MEETINGS-

Finals: British Electric Traction New Central Witwatersrand Interior

Interinst
Blackwood Hogge
British Petroleum
Cadbury Schweopes
Charterhouse Group
Costein
General Mining Union
Inversordon Distillers
London and European
Midland Industries
Morgan Crycthle
Northern Engineering
Sharna Ware

COMPANY MEETINGS. Celestion Inds. Brown's Hotel Dover St.. W. 12,00 W. 12.00 Lynton. 1-2, Masons Arms Mews Maddox St. W. 12.00 Marshalis Utalitas), Hall Ings, West Lane. Southowners, Helfert, 2.30 BOARD MEEYINGS.—

GT Asia Sterring Franci Unfood Whitworth Electric Interims: Claverhouse Inv. Tst. Electrical and Industrial Securities Hyman (i, and J.; Scottish Eastern Inv. Tst.

DIVIDEND & INTEREST PAYMENTS—
Arrow Deb. 3-bc
Airrow Streamlines 1.878
Anio-Argentine Trams Db. 2-bc
Ashdown Inv. Tat. Db. 2-bc
Brab Circle Industries Dbs. 3-31-bc
Bowater Carp. Db. 1-spc
Breagreen 0.3p
Bristol 13-apc Red. 1961 6-apc
Bristol 13-apc Red. 1961 6-apc
Bristol Alaminium Sociel. 2-1-bc
Bruntilife Inv. 7-bcPl. 2.45-bc
Bristol Alaminium Sociel. 2-1-bc
Bruntilife Inv. 1-65-b
Bristol Alaminium Sociel. 2-1-bc
Cardinal Inv. 1-65-b
Clarke. Nickolis and Combs Ln. 4-apc
Contineal Inv. 1-65-b
Contineal 2-bc
Contineal 12-5-b
Contineal and Industrial Tst. Db. 2-bc
Cornerrorit 6-spcPl. 2-27-5-c
Corn. 1-1-bc
Corn. 1-1-DIVIDEND & INTEREST PAYMENTS

12.30 Motor Carlton Tower Hotel. Cadogan Sa. SW. 10.00 Irchcape. Balist Exchange Chambers. 14-20, St. Mary Axe, EC, 12.00 Pikington Bros. Prestot Rd., St. Helens. 2.30 2.330 fightwise Gt. Eastern Hotel, Liverpool 5t. EC 11.10 Stroug Riller Drummond, Bankfield Hotel, Bradford, Bineley, 11.00 BOARD MEETINGS niany 12.59
niany 12.59
niany 12.59
needed and industrial 7st. Db. 2*pc
everaft 6:sacPf. 2.27 spc
of London 3:pcDb. 1983-93 1*pc
age 0b. 24(1975-80)pc
a intni. Ln. 5*pc
mt. \$100res 5pcPf. 1.75pc
ell and \$0ns Brewerles 0b. 2pc
line and \$0ns Brewerles 0b. 2pc
ell and \$0ns Brewerles 0b. 2pc
ell and \$0ns Brewerles 0b. 2pc
line and \$0ns Brewerles 0b. 2pc
ell and \$0ns Brewerl

Pinalit
Raybeck
Inberfines
Abboey Panwis (nv.
Cruuch Oberek)
Home, Duriteles Newsbappers
House Properly of London
String Property of London
Dividend J. Interest Payments—
Alcan Aluminium Jiscis
Allnatt London Props. 3.2p
Birmingham Mint 7p
Carcio Evalvaering 2.5p
Gillette 47/2cts
Grange Tst. Ord. Units 1.1p
Greatermans Stores Ord. and A 35cts
Investori Capital 1st. 1.5p
Latham James 3.73p
Moorpher Tst. 20.
Letham James 3.73p
Moorpher Tst. 20.
Letham James 3.73p
Moorpher Tst. 20.
Pratt (f) Englineering 2.2p
Rusnord Inc. 26cts
Russell (Alexander) 1.25p
South African Land and Exploration 35cts
Southwal 170cts
Stardard Fireworks 5.52p
Vant Reefs Exploration 620cts
Wiestern Deeps Levels
Stardard Fireworks 5.52p
Vant Reefs Exploration 620cts
Wiestern Deeps Levels
Stardard Fireworks 5.52p
South African Land and Exploration 35cts
Southwal 170cts
Stardard Fireworks 5.52p
Vant Reefs Exploration 620cts
Wiestern Deeps Levels
Stardard Fireworks 6.52p

Dividend & Interest Payments—
Ilium Circle Inds. 0b. 41pc
British-American Tobacco Ln. 3/1pc
Collins (G. and W.) Db. 41pc
British-American Tobacco Ln. 3/1pc
Collins (G. and W.) Db. 54pc
British-American Db. 34pc
Dores Estrites Ln. 4pc
Dores Estrites Ln. 4pc
Dores Estrites Ln. 4pc
Dores Estrites Ln. 4pc
Dores Collins (G. and W.) Db. 54pc
Rediand Red. Db. 190-95 5.170
Renticipe 2nd Keylin and Steel Db. 3*pc
Waddington Union) Db. 54pc
Varkshire Chemicals Db. 5pc
Varkshire Chemicals Db. 5pc
Burlays Bank Intol. Ln. 3*apc
Barclays Bank Intol. Ln. 3*apc
Burleys Bank Intol. Ln. 3*apc
Highams Db. 3*apc
Higham 1.4pc. Dhs. 2 21, 31(1989,91) 31; 11990,92) 31 5pc
East Wordestershipe W.W. 7pc 11mly, 10pc) Max. Ord. 1.75pc. 2.8pc (1mly, 5pc) Max. Ord. 1.75pc. 2.8pc (1mly, 5pc) Max. Ord. 1.75pc. 2.8pc (1mly, 5pc) Max. 0.7d. 1.75pc (1mly, 5pc) Max. 0.7d. 1.75pc (1mly, 5pc) Max. 0.7d. 1.7d. 1

Lynton 1.9p
M. and G. General Tst. Fund Income Units
4.5p
Macpheryon (Donald) 1.5p
Merchantile Inv. 7st. Db. 1 lpc
Morcanto In. 7!sc
Nicotastia and Gatesbead Water 9sc Red.
Nicotastia and Oriental Steam Navigasion Dbs. 1% 1 Vi2ndbec
Opt of Landon 6-pc 1987-90 3/spc
Prestige 2.5p
Radio Rentals Lns. 3/spc
Ransome and Resier Db 1/spc
Raybect 10 Lycpt. 2.355pc
Red Deccrative Products
Db. 2pc
River Plate and Ges. Inv. 7st. 5pcPfd.
1.75pc

PC PUTY (J.) Ln. 4pc d 51:pc Red. 1986-88 24:pc fs Ln. 3pc ider (S.) 6pcPf. 2.1pc rs Ln. 31:pc 3th Agricultural Secs. Corp. 34:pc 1979-84 13:pc. 34:pcOb. 1986-88

Db. 1979-84 1 pc. SypcDb. 1986-88
Złapc
Scottlish Mortgage and Tst. 5pcPt. 1.75pc
Scottlish Mortgage and Tst. 5pcPt. 1.75pc
South Staffordshire Waterworks 3.5pc
(Imity. 5pc) Ord. 1.75pc, Ord. 4.9pc
(Imity. 7pc) Class A 2.45pc. Ord. 4.9pc
(Imity. 7pc) Class B 2.45pc. Ord. 4.9pc
(Imity. 7pc) Class B 2.45pc. Ord. 4.9pc
(Imity. 7pc) Class B 2.45pc. 4.9pc Itimity. 7pc) Class C 2.45pc
Solliers Dbs. 3% 3-3mc
Stonehill 10-1pcPt. 5.25pc
Tamare Dbs. 3% 3-3mc
Temole Bar Int. Tst. Db. 2-apc

T-sarry 8 apr. 1997 - apr. 14 yet 1994
T-type 1994
T-type 1995
T-t TOMORROW

COMPANY MEETINGS-Great Portland' Estates Cafe Royal, 68, Regent St., W, 12.00 Watson (R. Keivini, Alma Lodge Hotel, Bunton Rd. Stockbort, Cheshira. 12.00 Wheeler's Restaurants, Sheridan Hotel, 64, Ki-d's Rd., Brighton, 12.00 BOARD MRETINGS—

DIVIDEND & INTEREST PAYMENTS -

CIVITING & INTEREST PPY'ENTS —
AMAX Inc. FOCTS
American Brands Inc. 1521-cts
Asserto inc. 35cts
Celestion Industries 1p
Ford Meter 30cts
I.U. Inil. Corp. 271-tts
Inco 18cts
Inco 18cts
Ingersoli-Rand 83cts
II and G Dual 1st. Income 8.5p
Moran Tea 3p
Richardso-Merrell Inc. 33cts
Southend-on-Sea 12 lapt Red. 1981 5-lact
Sungel Best Mines Melaysia 32.91213p
Union Criside 80cts
Weston (R. Kelvini 2p
WEDNESDAY, SEPTEMBER 3

WEDNESDAY, SEPTEMBER 3 Broham Millar, Staysheld Works, Clay 4'll Enfold, Middleses, 3.00 Hirking Pentecost, Albany Hotel, Mourt 3's. Nortingham, 12.00 BOARD MEETINGS-

DIVIDEND & INTEREST PAYMENTS Convertion Spc 2000 4-pc Covert European Tst. 0.75p Great Portland Estates 4p Great Portland Estates 4p Sogomana 7p Therisis Sulphur and Cooper (Reg.) 5p. (Br.) 6p Coper (Reg.) 5p Coper

THURSDAY. SEPTEMBER 4 COMPANY MEETINGS-COMPANY MEETINGS—
Aliast Longon Proos. Winchester House.
100, Old Brasi St. EC. 12.00
Birmingham Mint. Chamber of Industry
and Commerce. Harborne Rd. Birmingand Commerce. Harborne Rd. Birmingmer (H.P.). Green Dragon Hotel, Broad
St. Hereford. 2.30
Cawdaw, Cawdaw House, Lower Broughton
Rd. Salford. 12.00
Daejan. Connaught Rooms. Gt. Queen St.
WC. 12.00
Ex-Lands 25-35 City Rd. EC. 12.30
Firth (G.M.) Metals, Victoria Hotel, Bradlord, 11.30

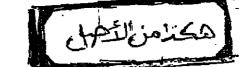
Hampshire road works to start in 1981

THE Department of Transport has announced plans for the improvement of a 4.4-mile section of the London to Penzance A30/A303 trunk road between Popham and Bullington in Hampsire.

This road is the principal direct route between London and the South-West. Work may start in 1981.

The plans follow a public inquiry last year. It led to recommendations, now accepted by the Government, that access to the Micheldever Station area from the West should be main-tained by the addition of west-facing slip roads between the new trunk road and Freefolk Road. The westbound slip road can be provided over part of the existing A303 which was to have been stopped up. The eastbound slip road will require a new draft Order, and this will be published shortly.

The improvement will include a section of new road 2.5 miles long, which will leave the existing dualled section of A30 near Sheendown Copse.



NOTICE OF REDEMPTION

U.S. Rubber Uniroyal Holdings Société Anonyme 64% Guaranteed Sinking Fund Dabentures due 1982

Notice is Hereby Given that, pursuant to the provisions of the Indenture dated as of April 1, 1967, providing for the above Debentures, there will be redeemed for account of the Sinking Fund on October 1, 1980 (the "Redemption Date") \$833,000 principal amount of the 61/6 Guaranteed Sinking Fund Debentures due 1982 (the "Debentures"), at the redemption price of 100% of the principal amount thereof plus accoved interest to the Redemption Date.

The serial numbers of the Debentures which have been selected (or redemption (each bearing the prefix letter "M") are:



On and after the Redemption Date the Debentures designated above will become due and payable upon presentation and surrender thereof, with all coupons maturing subsequent to October 1, 1880, attached, at the option of the holder, either at the office of Chemical Bank, by mail: P.O. Box 25983, Church Street Station. New York, New York 10249 or Chemical Bank, by hand: Corporate Tellers, 55 Water Street - Room 234, 2nd Floor North Building, New York, New Co., Ltd., and S. G. Warburg & Co. Limited in London, the office of Banque Generale du Luxembourg. S.A. in Luxembourg, the office of Banco Nazionale del Lavoro in Milan and the Office of Credit Lyonnais in Paris.

Interest on the Debentures so designated for redemption shall cease to accrue on and after the Redemption Date. All coupons maturing after said date which appertain to such Debentures shall be void. Coupons maturing on October 1, 1980, should be detached and surrendered for payment in the usual manner.

DATED: August 29, 1980

By: Chemical Bank. Trustee

These securines having been sold, this announcement appears as a matter of record only.



AUGUST, 1980

European Coal and Steel Community ("ECSC")

US \$50,000,000

111/4 per cent. Bonds due 1st August, 1990

Interest payable annually on 1st August.

KUWAIT INVESTMENT COMPANY (S.A.K.) ABU DHABI INVESTMENT COMPANY ARAB BANKING CORPORATION (ABC)

BANQUE NATIONALE DE PARIS

KUWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (S.A.K.) LIBYAN ARAB FOREIGN BANK TRIPOLI, LIBYA NOMURA EUROPE N.V.

> SALOMON BROTHERS INTERNATIONAL SOCIETE GENERALE DE BANQUE S.A. SWISS BANK CORPORATION INTERNATIONAL LIMITED

HULL SAMUEL & CO. LIMITED

WESTDEUTSCHE LANDESBANK **GIROZENTRALE**

These notes having been placed privately, this announcement appears as a matter of record only.



Nationale-Nederlanden N.V.

Dfls 60,000,000

91/2 % Bearer Notes 1980 due 1984/87

Amsterdam-Rotterdam Bank N.V.

Algemene Bank Nederland N.V.

Bank Mees & Hope NV

Pierson, Heldring & Pierson N.V.

S. G. Warburg & Co. Ltd.

Deutsche Bank Aktiengesellschaft

Nederlandsche Middenstandsbank N.V.

Rabobank Nederland

August 15, 1990

_____U.S. \$300,000,000 of which U.S. \$120,000,000 has been issued in the initial and subsequent

*Allen Harvey
and Ross...Sept. 11 Int. 10.0
Amai. Metal...Sept. 20 Int. 3.0
APVSept. 27 Int. 2.8

APV Sept. 27 Int. 2.8
Armstrong
Equipment...Sept. 25 Final 1.72

AuroraSept. 18 Int. 1.55
BICCSept. 9 Int. 2.75
BSRSept. 12 Int. 1.418

BSR Sept. 12 Int. 1.418

Babcock Intl. Sept. 10 Int. 3.4

Bank of Scotland...Sept. 23 Int. 7.25

Berrart Devs. Sept. 25 Final 7.355

Hepburn...Sept. 16 Int. 0.8

looker McConnell...Sept. 13 Int. 5.0

*BowaterSapt. 9 Int. 4.25 *British Elec. Traction...Sapt. 4 Final 5.719

*British Petroleum...Sept. 4 Int. due British Vita...Sept. 13 Int. 24 Brown Boveri

Cedbury

Kent,......Sept. 20 Int. 1.429

Schweppes...Sept. 4 Int. 0.95

*Carpets Intl....Sept. 10 int. 1.75

Colins (W.).......Sept. 8 Int. 2.086

*CostainSept. 4 Int. 4.0

Croda Intl. ...Sept. 20 Int. 1.5

Delta Metal...Sept. 20 Int. 1.82

*General Mining.....Sept. 4 Int. 25 cents
*Guardian Royal Exchange...Sept. 3 Int. 5.0
Guest Keen...Sept. 20 Final 5.839

*Guinness Pest.....Sept. 11 Final 4.0

*Hall Engng....Sept. 26 Int. 3.1

*Hepworth Ceramic...Sept. 11 Int. 2.25

....Sept. 24 Int. 1.5

....Sept. 12 Int. 2.0Sept. 24 Int. 6.895

Sept. 21 Int. 3.5

LaportaSept. 21 Int. 3.5
*Law Land....Sept. 17 Int. 0.714
*Lagal 2 Gen....Sept. 19 Int. 2.6
*LinfoodSept. 3 Final 6.75
*Ldn. Merchant
Securities...Sept. 8 Final 0.665

*Morgan Crocible...Sept. 4 Int. 4.5

*Nonthern Eng. Inds.....Sept. 4 Int. 1.25 *Nursin and

*P. & O. ____Sept. 10 Int. 3.0 Ofrex _____Sapt. 11 Int. 1.4

*Phcenk

Pescock...Sept. 10 Int. 1.5

Longman...Sept. 13 Int. 3.75

Assce.....Sept. 3 Int. 5.8 PortalsSept. 7 Int. 4.25

& Jafferies...Sept. 17 Int. 3.14 Ready Mixed

Concrete Sept 27 Int. 3.35 PrudentialSept. 11 Int. 3.5

*RaybeckSept. 5 Final 2.87 *Reckitt and

RTZ Sept. 19 Int. 4.5 Rockware Sept. 12 Int. 2.33

RockwareSept. 12 int. 2.53
Rowntree
Mackintosh...Sept. 19 Int. 2.5
SchrödersSept. 13 Int. 3.0
Simon Eng...Sept. 17 Int. 4.0
Sum Allience ...Sept. 3 Int. 13.5
TarmacSept. 24 Int. 5.0
Tilling (T.) Sept. 24
Torme: and
Newall ...Sept. 11 Int. 4.5
Int. Sept. 19 Int. 2.6

UDSSept. 19 Int. 2,6 Urd. Biscuits Sept. 17 Int. 1.7

VickersSept. 25 Int. 9.0
VickersSept. 27 Int. due
Weir Group ...Sept. 3 Int. 1.863

* Board meetings intimated. † Rights Issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Colman.....Sept. 9 Int. 3.5

Financial...Sept. 2 Int. 2.2

(S.)...Sept. 9 Int. 2.75

Bonar.....Sept 15 lot. 3.14

Preussag to run Hansa offshore supply fleet

BY KEVIN DONE IN FRANKFURT

and metals group, is to take over from the new holding company the running of the entire off- for running the fleet as well as shore supply boat fleet owned having its equity stake. by DDG Hansa, the renowned by DDG Hansa, the renowned A major attraction for Hansa West German shipping line in the deal is that VTG will also which is going into liquidation which is going into liquidation. The Preussag subsidiary, VTG

(Vereinigte Tanklager und Transportmittel), which already owns 49 supply boats, will thus become the world's second biggest supply boat operator with a fleet of just under 90 boats. The deal to take over the

running of the Hansa offshore supply boat fleet with effect from today has been made possible by Hansa's creditor banks, which hold the mortgages on the boats, agreeing to form a company to take over ownership of the

VTG will take a 25.1 per cent share in this new concern, VVG line, agreed to take over the Versorgungsschiff - Verwaltung, running of DDG Hausa's established with a nominal capischeduled cargo services to the established with a nominal capiof more than ten banks will hold the remaining 74.9 per cent.

Hutchison to

By Philip Bowring in Hong Kong

HUTCHINSON WHAMPOA is

selling its 52 per cent interest in Swift and Company, a

quoted Australian trading and

Australian food group, Mauri Brothers and Thompson, is bidding for the whole of Swift's

capital and Hutchinson has

accepted the offer. The sale will

Swift made profits of

level for several years against

Common Market partners around the middle of last week.

While the pound floats freely on

the foreign exchanges other

European Community currencies

are linked together through the

currencies of Britain's mon Market partners

company.

Hutchinson A\$8.9m .3m) equivalent to

sell stake

in Swift

storage

(U.S.10.3m)

and Markets

HK\$51.2m.

PREUSSAG, the diversified fleet of 44 offshore supply boats, West German transport, energy, will receive a management fee

> take over about 500 of the Hansa workforce, of which the majority will be sea-going

VTG and Hansa were already running their offshore fleet in a combined operation, the Offshore Supply Association, but this will now fall 100 per cent under VTG control.

The deal with Preussag and the creditor banks is the second major part of the orderly liquidation of DDG Hansa's

A week ago Hapag-Lloyd, West Germany's largest shipping tal of DM 1m, while the group Middle East and the Indian subcontinent. It has bought five of Hansa's 18-strong cargo fleet and VTG, which has bought has taken a further vessel on directly five of the DDG Hansa long-term charter.

THE COMMERCIAL Bank of

Australia raised group earnings

company offshoot, General Credits, but the bank has,

nevertheless, raised its annual

dividend from 18 cents a share

Profit of General Credits fell

6 per cent from A\$ 13.5m to

A\$ 12.6m, on revenue up from A\$ 135m to A\$ 146m. Tracking

bank earnings, however, rose

Problems of a strong currency

The only exception is the

Italian lira, which is allowed a

wider range of movement, but

because it is anchored firmly to the bottom of the system the

pound has risen even more

strongly against the Italian cur-

rency to a record level of over

Italy is a major competitor in

to 20 cents.

A\$800,000 last year, though 16 per cent to A\$ 18.9m, while

profits in the first half of the current year were A\$900,000.

profits of the savings bank rose 9.4 per cent to A\$5.4m.

Sterling rose to its highest by an almost equal amount in evel for several years against terms of five of the other six.

to A\$38.2m (U.S.\$44.2m) in of the motor vehicle the year to June. The CBA was again held back by its finance.

The CBA, however, c

General

Hansa still has 12 vessels to dispose of, including bulk carriers, ro-ro vessels, heavy lift ships and mixed container/bulk

Hansa is still hopeful that Hapag-Lloyd, which has already taken over 300 of its 2,300 personnel with the first batch of ships, will charter further vessels to give it the necessary extra tompage to run the Hansa lines to the Middle East and the

Indian sub-continent. In addition, Hansa is to continue running temporarily its existing route from the U.S. to the Middle East in order to try to attract a buyer for these vessels as a going operation.

DDG Hansa applied for a composition-liquidation to the local Bremen court in the middle of August, when it realised that its accumulated debts of around DM 600m and expected further operating losses of DM 45m this year made expected further trading impossible. Hansa's creditors are expected eventually to receive around 40 per cent of their outstanding

The CBA, however, continued

compared

from A\$ 33.9m

is a similar one against other

for a share of export markets.

France, Europe's leading car

manufacturing nation, has one of

the firmest currencies in the

OTHER CURRENCIES

A\$ 886m a year earielr.

CURRENCIES, MONEY and GOLD

its unbroken series of profit

CBA dividend up despite setback at finance arm paper machine at the 62.7 per cent-owned Mondi. Group capital expenditure A major reason for the General Credits setback was the only 5 per cent, from A\$ 36.4m continued depressed condition to A\$ 38.2m (U.S.\$ 44.2m) in of the motor vehicle industry

commitments stood at R232.3m at end-June, against R107.4m at end-December, 1979. This includes part of the R70m cost of Mondi's fourth paper machine and a further R70m for the rises each year, since 1970. Total assets passed the \$1bn mark for the first time, and at fifth one, to be commissioned next year. At Scaw Metals a new bar and section mill, ball the end of the year stood at plant and other capital works

with AMIC has declared an interim dividend of 42.5 cents, against 32.5 cents in 1979, from first-

Record first-half earnings for AMIC

ANGLO AMERICAN Industrial Corporation (AMIC), the holding company for Anglo American Corporation's South African industrial interests, has declared record first-half earnings for its six months, to June 30. Profit before tax rose to R113.9m (\$150m), from R64.2m in the first half of 1979, and R150.0m for the whole of last year.

wholly-owned subsidiary, Scaw for the period. In addition, AMIC acquired an 80 per cent Servomechanism manufacturer,

for about R6.7m. Almost all AMIC's industrial interests, which range through drilling equipment, steel, paper, railway equipment, food and construction, contributed to the interim profit advance. Highveld, the steel and vanadium producer, in which AMIC has a 6.1 per cent interest, has reported weaker export markets, however, offset by domestic market strength. Elsewhere, market strength. Elsewhere, paper is expected to make a strong contribution, with a start of operations of a fourth

are being installed

half earnings per share of 203.6 cents, compared with 137.2 cents. A total dividend of 105 cents were paid from

By Jim Jones in Johannesburg

During the period AMIC's Metals, acquired an effective 35.25 per cent interest in Haggie, the steel wire and wire rope manufacturer, at a cost of R50.7m. Attributable results from Haggie were incorporated stake in Control Logic, the

CBA's provision against debts, including current outstanding advances which may be repaid. A\$ 38.15m, after an increase in the amounts written off during earnings of 317.2 cents in 1979.

BY COUN MILLHAM

largest car manufacturer, and a

glance at the specification and prices of Toyota and Nissan pro-

ducts will tell why the U.S. and

£ Note Rates

30.10-30.40 69.55-70.15 13.19-13.29

p.s. months p.s.

5.36 2.53-2.43 pm 4.14
6.49 3.85-3.75 pm 5.55
5.13 7-6 pm 5.55
4.34 72-62 pm 3.87
-2.14 57-74 dis -1.90
-2.38 0.35-0.45dis -1.40
8.03 83-74 pm 7.57
-0.75 35 pm-70dis -6.31
-12.90 667-887-dis -13.20
3.04 93-87 pm 3.10
4.82 107-93 pm 4.02
0.82 1-1-pm 4.02
0.82 1-1-pm 4.02
0.82 1-1-pm 4.02
0.81 1107-93-pm 4.03
9.31 107-93-pm 10.12

domestic appliances. The story against the D-mark last week. is a similar one against other This year Japan has over-countries competing with the UK taken the U.S. as the world's

EMS, but sterling rose above European manufacturers are so FFr 10 last week, for the first worried. A glance at the movetime since April 1975. West Germents in the yen against the

Europe for many years, does not firm their fears, with the pound

have the strongest currency in rising by about 100 yen to the EMS at present, and the around Y520 in the last year and

1906-1913 0,8580-0,8585 Belgium... 55,645-55,845 Denmark.

many, the strongest economy in dollar and sterling will only con-

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in	Annual gross interest	pay-	t · <i>Minimur</i> sum	Life n of bond
porentheses)	%	} year	£	Year
nowsley 051 548 6555	. 13 ;		1,000	4-5

March Coffee 1176-1190 I.G. Index Our clients speculate, free of tax, in very small to very large

1. London Traded commodities, including GOLD. 2. The STERLING/DOLLAR exchange rate.

LG. Index Limited, 73, The Chase, SW4 0NP. Tel.: 01-622 9192

/ ocachino in inning	Annual gross interest	t Minimun sum	Life t of bond		
parentheses)	%		£	Year	
Knowsley 051 548 6555	. 137	} year	1,000	4-5	

amounts, on :-

BASE LENDING RATES 18 02 W Hembros Bank

Grindlays Bank	Allied Irish Bank 16 % Hill American Express Bk. 16 % C. Amro Bank 16 % Howard A P Bank Ltd 16 % Ke Arbuthnot Latham 16 % Kn Associates Cap. Corp. 16 % La Bank of Credit & Cmce. 16 % Ed Bank of Cyprus 16 % Sangue Belge Ltd 16 % Sangue Belge Ltd 16 % Mo Barclays Bank 16 % Mo Barclays Bank 16 % Ro Barclays Bank 16 % Ro Barclays Bank 16 % Ro Bremar Holdings Ltd. 17 % Ro Brit. Bank of Mid. East 16 % Sci Canada Perm't Trust 17 % Cayzer Ltd 16 % Sec Cedar Holdings 16 % Sci Codar Holdings 16 % Sci Cocoperative Bank 16 % Trust Choulartons 16 % Trust Corp. 16 % Sci Coroperative Bank 16 % Wi The Cyprus Popular Bk. 16 % Wi The Cyprus Popula	mbros Bank
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Public Works Loan Board rates Effective from August 23

Quota loans repaid Non-quota loans A° repa											
			at			- at					
Years	by EIP†	A‡	maturity§	by EIP†	A‡	maturity§					
Up to 5	13}	13 }	13	143	145	141					
Over 5, up to 10	13 	137	13 ş	14 k	143	14					
Over 10, up to 15	137	137	133	144	147	143					
Over 15, up to 25	13 Į	137	13 1	14 1	14 <u>1</u>	143					
Over 25	133	131	13 ž	1 4]	141	14}					
* Non-quota loans B are 1 per cent higher in each case than non-											
quota loans A. †Equal instalments of principal. ‡Repayment by											
half-yearly annuity (fixed equal half-yearly payments to include											
principal and interes	t). § Wit	h hai:	f-yearly p	ayment of	inter	est only.					

RECENT ISSUES

	EQUITIES											
Issue Price pt	Amount Paid Up	Latest Renuud. Date		80 Low	Stock	Olosing Price pt	+ or	DIVI P. Or Amount	Times Govered Gross	P.F.		
95 160 68 180 160 151 8c1 957	F.P. F.P. F.P. F.P. F.P.		250 352 115 90 100 153 78 70 85	56	Brint Inva	110 80 76 133 68 60	-4 -4 -5 -5 -1 +21 ₂	17.5 b3.85 b1.09 t1.0	4.0 1.9 3.5 2.1	3.2 11,6 18.5 - - 19.2		
FIXED INTEREST STOCKS												
£	155	# 2 .	10	100	1				ppq			

F.P. 30/10 98 97½ Newcastle & Gateshead Water 81% RdP 97½ F.P. 28/11 102 100 Outwich 10% Pref. 101 F.P. 8/8 105½ 101½ South Staff, Water 93,% Rd. Pf. '85 105½ 101½ South Staff, Water 93,% Rd. Pf. '85 103 F.P. 29/8 104 102½ Sunder'd & S.Shields Wir 34% Rd. Prf. 1988 103 F.P.	Priog 3	Amount Paid Up	Renuno	191 High			Stoc	*	Olosing Price &	+ or
11 F.P. — 105p 102p Tebbitt 7% Con. Cum. Red. Pref	# 99 99 99 9 9 9	F.P. 31 F.P. 21 F.P. 21	 0/10 8/11 8/8 9/8	107p 103 98 102 1051 ₈ 104	107p 102 97½ 100 101½ 102½	Foseco Mins Do Newcastle & Outwich 10 South Staff, Sunderl'd &	ep 81% Cov 10% Com Gateshez Pref. Water 93,5 & ShieldsW	Red Cum2ndPr Uns Ln 1995 Water 81% RdP KRd. Pf. '85 Lr 34% Rd. Prf. 1988	107p 103 971g 101 103	—lg

"RIGHTS" OFFERS

ssuo Price	ald up	Rer	test iung, ate	1980		Stock	Olosin; prices pl	+ or	
pt	₹2	•		High	Low		일루_	-	
132 92 50 13 100		50/7 25/7 22/8	8/9 12/9 22/8 19/9 12/9	184 141 95pm 36 428	128 85pm 241 ₂	Berisford (S. & W.) Coalite Crest Nicholson Derritron Ferranti	181 139 94pm 31 415	-2 +1	
80 120 220 14 75	F.P. F.P. NII NII F.P.	15/8 15/8 5/9	12/9 26/9 14/11	110½ 150	89 144 66pm 2pm 93	Lonrho McKay Sees Mercantile House Moorgate Mercantile Polly Pack Sturia.	89 150 77pm	-10 -1 -1 -1 -1 +4	

Renunciation date usually last day for dealing free of stamp duty, & Figures based on prospectus estimate. g Assumed dividend and yield. u Foreast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise Indicated. I Issued by tender. || Offered to holders of ordinary shares as a rights." •• Issued by tender. || Offered to holders of ordinary shares as a rights." •• Issued by way of espitalization. §§ Reintroduced. It issued in connection with reorganisation, merger or takeover. ||§ Introduction. || Issued to former preference holders. || Allotment latters (or fully-paid). •• Provisional or partiy-paid allotment letters. * With warrants. If Unilstad security. †† Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

Citicorp Overseas Finance **Corporation Limited**

(Incorporated with limited liability in the British Virgin Islands)

Guaranteed Floating Rate Notes Due 1984 Unconditionally guaranteed by

OCITICORP

In accordance with the cerms and conditions of the abovementioned Notes and the Agent Bank Agreement dated as of November 28, 1979, between Citicorp Overseas Finance Corporation Limited and Cicibank, N.A., notice is hereby given that the Rate of interest for the first one month sub-period has been fixed at 1112% per annum and that the interest payable for the first one month sub-period in respect of U.S. \$10,000 nominal of the Notes will be U.S. \$106.11. This amount will accrue nowards the inverse payment due November 28, 1980.

CITIBANC September 1, 1980. By: Creibank, N.A., London, Agent Bank

GESTETNER HOLDINGS LIMITED

Capital shares, which will be despatched on or before 15th September to holders of capital shares registered on 15th August, 1980 and which bearer holders should claim as already announced, will be:-

'A' Ord.cap. 74.853p 74.853p Based on an average price of

For each share held holders will 0.047713 0.047713. of a share Fractions of new shares will be sold for the benefit of the

CORAL INDEX: Close 483-488 (+1)

UNIT TRUST SERVICE



P.O. Boz 63, Jersey.

Sepro*** | 718 86
Trust Channel H. 4 | 74.7
Commodity Funds
Commodity*** | 1154.8
Deposit Funds
St. Deposit*** | 1125.7 **|-0.58| 1.74**. International Pacific Inv. Mgmt. Ltd.
P.D. Box R237, 56, Phi St., Sydney, Aust.
Javelin Equity Tst.|433.61 3.72|| 3.80 1548 16327-027 16 10 110 0.4

100 Leopold Joseph & Sons (Guerusey) Hirzel CL, St. Peter Port, Guerusey. 0481-26648. L.J. Sterling Fund......[1193 1194] —

Kemp-Gee Management, Jersey Ltd. 1 Charteg Cress, St. Heller, Jersey 0534 73741 Capital Food 1145,7 150.2 +2.6 1 Income Fund 57.2 59.0 +0.2 11.60 Git Boor 1,015 1,069 -0.2 25, Milk Street, EC2V 81E. 01-605 7070 Formelex SF151 95 163.95 220 Bondsriew F114.09 124.16 +0.09 Central Assets F114.09 114.16 +0.09 Central Assets F114.09 II4.16 +0.09 Central Assets F114.09 II4.16 +0.09 Central Assets F114.09 Central Assets F114.00 Central Assets F114.00 Central Assets F114.00 Singer & Friedlander Life. Agents. -20, Cannon St., EC4. 01-248 9646. Detalords | 24.00 | 25.28|| 6.33 Tokyo Trush Ang. 1. USSIZ 20 || 2.20

Kleinwort Benson Limited 20, Fenchurch SL, EC3.

Lloyds Bank International, Genera P.O. Box 438, 1211 Geneve 11 (Switzerland) Lloyds Int. Growth 15733.0 569.0 6.0 Lloyds Int. Income 15720.0 238.0 6.0

M & G Group
Three Quays, Tower Hill EC3R 680. 01-626 4588
Atlantic Aug. 26. US\$6.65 6.87 — 0.8 Rox 1256 Han
Australian Ec Aug. 20. US\$3.22 8.16 — 0. Good Ex. Aug. 26. US\$6.15 68.15 — 5.74
Good Ex. Aug. 27. US\$7.16 68.15 — 5.74
Gold Ex. Lins Units — 152.1 16.19 — 1.7 4.03 (Accum. Units). — 229.4 244.1 — 24.03 (Accum. Units). — 229.4 244.1 — 24.03 (Accum. Units). — 229.4 244.1 — 24.03 (Accum. Units). — 229.4 24.1 — 24.03 (Accum. Units).

Management International Ltd.
Bit. of Bermula Bidg., Bermula. 809-295-4000
Bits. Ind. Bid. Fd. (2015)119 — 12.00
Priors August 22. Next dealing Sept. 1 Midiand Bank Tst. Corp. (Jersey) Ltd. 28-34, Hill St., St. Heller, Jersey. 0534 36281. Midland Drayton Git., 199.2 97.7] -0.8] 12-28

Mirray, Johnstone (Inv. Adviser)
163, Hope St., Giasgam, [C. 041-221552]
Hope St. Fd. Aug. 15, US\$34,77
Horray Fund Aug. 15
Pacific Fd. July 31 US\$4.64

Pacific Basin Fund

040126741

 Queest Fund Mangamet. (Jersey)
 Utd.

 PO Box 194, St. Helber, Jersey.
 0534 27441

 Quest Side, Fad. Int.
 06.0774 0820nd
 15.24

 Quest Ind. Sector.
 0531092 1175e
 10.99

 Prices on Aug. 27. Next dig. Sept. 3.
 10.99

RBC Investment Managers Limited PO Box 48, St. Peter Port, Guernscy. 0481-23021. Int. Income Fd. 1889.98 10.53 Richardord Life Ass. Ltd.

48, Athol Street, Douglas, 1,0,M.

(2)The Street Trust. 35.2.2 28.8.4 - 29.

6, Diamond Bd. 125.2 133.88-14.2 12.82.

1/3 Irish City Bood. 138.5 148.0 11.38

Allas Gilt & Com. Fd. 15.5 10.3.

Tokyo Pacific Hidgs. (Scaboard) N.V. Intimis Management Co. N.V., Corocac. NAV per share Aug. 25 US\$59.90 | Commission of Samoel Montagu Ldn. Agents

114, Old Broad St. EC2.

Apollo Fd. Aug. 12. S754 55

1 S. G. Warburg & Co. Ltd.

30, Gresham Street, EC2.

50r. St. Std. Aug. 28, 1053818 | -0.54 - 1

Grt. St. Std. Aug. 27, 1053118 | 11,69140.05 0.7509

Mrc. My, Aug. 27, 1053115 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 | 1276 |

Tokyo Pacific Holdings N.V. Intimis Management Co. N.V., Coracao, NAV per share Aug. 25 USS82.22

Surinvest (Jersey) Ltd. (x)

F-0.181 -Wren Commodity Trust 10, St. George's St., Dougles Told 0624 2503 Wren Commod. Tst. _143.6 44.4 _____ ; ___

European Monetary System. Since members of the EMS are allowed only a small amount of divergence against each other, rises sharply against many areas of manufacture, such any EMS currency it improves as the motor industry and pound touched a four-year high a half.

GOLD

Aug. 28 Aug. 29 Gold Bullion (fine ounce) (£2631₂-2643₄) (£2641₄-2653₄) 8631-654 8633,75 8635,30 (£2633,-265) (£264,890) (£265,516) Gold Coins (£272-274) (£2691g-2721g) (£67-58) (£791g-801g) (£791g-801g) \$1911₂-19 \$192-194 \$161-164

THE DOLLAR SPOT AND FORWARD

Aug. 29	Day's spread	Close	One month	% p.a.	Three months	7. p.a
UKT	2.3860-2.3980	2.3960-2.3970	1.12-1.02c pm	5.36	2.53-2.43 pm	4.1
Ireland†	2.0900-2.0950	2.0900-2.0950	0.60-0.50c pm		1.55-1.45 pm	
Canada	1.1557-1.1575	1.1557-1.1560	0.10-0.05c pm		0.38-0.31 pm	
Nethind.	1.9517-1.9570	1.9560-1.9570	0.13-0.03c pm		0.79-0.69 pm	
Belgium	28.74-28.86	28.84-28.86	1-25c die			-0.2
Denmark	5.5485-5.5625	5,5600-5,5625	34-44ore dis			-6.8
W. Ger.	1.7880-1.7980	1.7905-1.7915	0.42-0,37pf pm		1.70-1.65 pm	
Portugal	49.65-49.85	49.75-49.85	15-35c dis			-4.8
Spain	72.75-72.90	72.80-72.90	65-85c dis	-12.35	200-230dis -	-11.8
Italy	853.70-854.50	854.00-854.50	11-13lire dis	16.85	36-39 dis -	- 17.5
Norway	4,8325-4,8430	4.8415-4.8430	0.85-1.35ore dis	-2.73	1.30-1.80dis	-1.2
France	4.1550-4.1730	4.1550-4.1575	0.15-0.25c dls	-0.58	.10pm-0.05dk	s '0.0
Sweden	4.1700-4.1740	4.1720-4.1740	1.25-1.40ore dis	-3,31	3.70-3.85dis	-3.6
Јарап	218,90-219.50	218.95-219.05	per-0.15y dis	-0.41	0.25-0.10 pm	0.3
Austria	12.68-12.695	12.6874-12.6974	.20gropm40dis	-0.09	2.50-0.75 pm	0.5
Switz.	1.6445-1.6570	1.6480-1.6490	0.74-0.69c pm	E 20	2.53-2.48 pm	6.0

FT LONDON INTERBANK FIXING (11.00 a.m., AUGUST 29)

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, o the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Dautsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust

23860-23980 2.3960-2.3970 1.72-1.02c pm 2.776-2.7750 4.657-4.69 4.577-4.69 2.7725-2.7735 1.55-1.45c pm 2.77-4.69 2.7725-2.7735 1.55-1.45c pm 2.77-4.69 2.77-2.775 2.775

Finland Markka... 8,761g-8,771g
Greek Drachma... 101,540-105,989
Hong Kong Dollar 11,821g-11,84
Jran Rial... 2,845-42,80
Lucambourg Fre... 69,10-69,20
Malaysia Dollar... 5,1160-5,1270
New Zealand Dir. 2,4390-3,4440
Saudi Arab. Riyal... 7,90-7,96
Singapore Dollar... 5,0780-5,0890
Sith. African Rand 1,8140-1,8150
U.A.E. Dirham ... 8,78-8,84

Rate given for Argentine is free rate.

THE POUND SPOT AND FORWARD

Belgian rate is for convertible francs. Financial franc 70,10-70,20. Six-month forward dollar 4,05-3,95c pm. 12-month 5,60-5,50c pm.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Au	g. 29	Sterling	U.S.Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian #	Јаренеза Уел
7 day Month Three I Six mo	term s' notice. months nths	164-1678 1678-1718 1669-1678 1618-1636 1518-1638	101g-103g 105g-107g 113g-115g 123g-125g 121g-123g 121g-123g	91g-11 94g-11 10-105g 104g-107g 11-116g 114-115g	1014-1048 1012-1012 1012-1034 1013-1034 1013-1078 1034-1018	4.41g 4.41g 6.61g 6.61g 513.5% 58.5%	874-874 874-874 874-874 884-874 884-874 874-874	11½-12 11½-12 117g-12¼ 12-13¼ 12¼-12½ 12½-12¾	14-20 26-32 31-33 31-32 30-31 274-284	34-3-4 103-1078 113-1112 1212-1258 1212-1258 1212-1258	111 ₈ -113 ₆ 111 ₄ -115 ₆ 111 ₂ -113 ₅ 115 ₈ -117 ₈ 11-111 ₄ 95 ₈ -97 ₈

Belgium Denmark

Long-term Eurodollar two years 123-123, per cent; three years 124-124, per cent; four years 125-125 per cent; five years 124-13 per cent nominal closing rates. Short-term rates are call for sterling. U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rate in Singapore. The following nominal rates were quoted for London dollar cartificates of deposit: one-month 11.20-11.30 per cent; three-months 12.00-12.10 per cent; sixmonths 12.25-12.35 per cent: one year 12.25-12.35 per cent.

LONDCH MONEY RATES

offer 12 5/16

bid 12 8/16

Aug. 29 1960	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	House	Company Deposits	Discount market deposits		Eligibie Bank Blils č	Fine Trade Bilis #
Overnight 2 days notice. 7 days notice. One month. Two months. Three months. Six months. Nine months. One Year Ywo years.		12:161 ₂ 	1654-17 1678 1654-1678 1654-1678 1618-1619 15-1514 14-1434	1634-1714 1634-1678	16 1718 1718 1718 1718 1718 1514 1514	16-16-16-16-16-16-16-16-16-16-16-16-16-1	1534 1634 1638-1618	- - 15 15-15-1		17 164 164 164 154

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14½ per cent four years 14.14½ per cent five years 14.14½ per cent. \$ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15½ per cent four-month trade bills 16's per cent.

Approximate selling rate for one-month Treasury bills 14's per cent: two-month 14's-14's per cent; three-months 14's-14's per cent. Approximate selling rate for one-month bank bills 16's-16's per cent two-months 16's-16's per cent two-months 16's-16's per cent one-month trade bills 17 per cent two-months 16's per cent and three-months 16's per cent and t Finance Houses Base Rates (published by the Finance Houses Association) 16¹/₂ per cent from September 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.9497 per cent.

Bank Special European Currency Rights Unit Sterling ... 16 0.549733 0.688946 U.S. 8... 10 1.31529 1.41086 Canadian 8. 10,74 1.52219 1.63236 Austria Sch. 64 16.6997 17,9179 Belgium F. 12 77.8640 40.5974 7.29789 7.83095 D'mark 719 2.55735 2.52896 Guilder 8 9 5.6765 2.7544 1 5.87692 1204.52 308.978 6.82925 102.739 5.88496 2.32932

CURRENCY RATES

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21

FT UNIT TRUST INFORMATION SERVICE

mited									
Due 1984				FT	UNIT	TRUST	INFORMATION	SERVICE	
adicions of the		RISED	Cambederation Funds 50, Coaperry Lane, WC2A Grown Fund 168.2 For Cosmonthian see Cha	HE 01-242-0282 Three 71.71 J 4.07 starton Fund Managers America	G Group (y)(c)(z) Ousy, Tower Hill, EC3R 6BQ. 01-6 See also Stock Exchange Dealings 157 mg = 0. Units1	20, Cheasane, E.G.2. Capital Aug. 26	156 AT 11 112 Control House, Chapter Ach Wilton. 0902 28511 Language	m. Life Assur. Co. Ltd. M.E., Heintrack Dr., NWA. 01-203 5211 Provincial Life Assura 222 Bishopsgale, EG2. en. Fund	01-2476533 UFFSHUKE CK
given that the less table to yable to	TRUSTS		40 Ruchlersbury, London E High Income 35.8 North Anternan 32.3 Canadian Enempt 62.4 Canadian Frest 32.8 Mr Monat High Inc. 48.4	C4N 88D. 01-248 4984 (Accus 392 -0.5 11.52 Austra 54 -0.7 3.04 (Accus 66.7 355 Comm	2an Recovery 26.6 60 0 - 01 a. Umis)	2 12 [Accum Umis]	197 4.22 Citarterhouse Magna Gp.	Man Fc 83.2 87.6 Property Fond 129.6 General (Unit Assur.) Ltd. Property Fond 129.6 House, Karsawood, Tadworth, Surrey Fxd. leg. Fund 110.4 105.6 113.40 Prodential Pensions L	OVERSEAS FUNDS
yable for the had nominal of the had nowards the had	Abbey Unit Tst. Ming	- 1962 April - Land	GE Treat	572 -05 729 Lomes 44.9st +1.0 12.90 Conver by Wednesday, C. Court (Accus 1031.224.4031 (Accus 3 031.224.4031 (Accus	1. Units) 280 1 303 9 - 3 280 1 303 9 -	917 Scottish Equitable Fnd 373 285s, Andrews Sq. Edinburgh	Many 144 at 11 New Street FP2M 4TD 07-793 3933 Freed Inc.	1352 221 Holloon Bars, ECIN 2NH. 1354 135	35.53
CITIBANG	Altered Investor 12.6 1	36 9 - 02 93 92 - 03 45 93 - 04 52 847 - 06 50		7077 - 12 2 28 (Accordance 10 20 20 20 20 20 20 20 20 20 20 20 20 20	Feeld 84 9 92 11 -0.0 128.1 139.0 1 128.1 12	1035 Accum. Units	Unit Trust Managers. Horizon & Grossch 80 99 65.16(-0.98) Do Accum Bart Resources 10.5 25 17:14 Property American (2: 116.77 12.207- 130 Do Accum Property 116.79 115.79 40.55 Leval 4 6 1.55 1.5	1	1982 2221 Alexander Fund 1982 37, rue Notre-Darie, Licrembourg, 37, rue Notre-Darie, Licre
LDINGS	AL Cumber 1 Section Profit	3PB, 01-623-631- 93-641-32-9 a), (g)	Dartington Unit Trust 4. Bridge Chambers, Barnsta 5. Jotal Ped. Unit In [24.1 Discretionary Unit For Subsection Sec. 36-38 New Bro 21-58 4485	. 25.5](11.90 (Accum Japan Managare (Accum	1. Units] 342 9 1907 - 52 1. Units] 207,8 221,3 - 21 1. Units] 207,8 221,3 - 21 1. Units] 340 144,8 - 1 1. Units] 3510 344 04 - 57 1. Units] 433,3 446,8 - 57	9.10 Umd Gth Tst Acc	26 9 3.98 City of Westminster Assurance Length Exempt E Do. Accommagers Ltd.(a) Millon Keyner, MK9 ZLA 0908-06101 Evenpt F Do. Accommagers Ltd.(a) 1018-1018 Do. Accommand Ltd.(aty, Inst	AHR Dellar Inc. Fd
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rs should claim.	Hambro Fund	174 -04 11 174 -04 11 60 -04 101 40 -03 70 20 -03 121	Cataloga Carallery Tell 187 N	Mrigment Ltd. Special Special Special Special Special Special Trusted (Accum (A	, Uorisis	Sun Alliance Fund Mns	gt. Ltd. Pens Gid. Coputal 150.2 +13 1571 - Life 0403-64141 Pens Gid. Accum. 1755 +21 1755 8. New Roll 1524 +26 1583 LACOP U: 1321-64 27 Pens Mingd Acc. 1739 +38 1779 Linguist 134 1 - 0.9 502 Pens Minge Cap. 554 +38 1779 Linguist Pens Mingd Acc. 1739 +38 1779 Linguist 154 1 - 0.9 502 Pens Minge Cap. 554 +01 1776 by Pens Minge Cap.	1, Cracham. Kent. Medway 812343 Enginy Pers. Fd. 264.8 mts. 10.69 11.23	155.3 — Gov't Secs. Tst.(Cl) The B55.4cl -0.5 14.94 - 250.1 — Sterling Fd. — 114.5 — 114.7 — 136.7 — 136.7 — Bank of America International S.A.
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Aug. 21.	(6% Withdrawal) [34] Extra Income [91.5] (Accumulation) [04.3] Finance & Property [24.4] Foreignt [11.4] Courts [4.6] (Accumulation) [52.5] (Accumulation) [52.5] (Accumulation) [42.5]	933 -13 1131 1124 -15 1131 264 409 139 124 -04 135 443 -04 135 547 -04 135	Funds in Court* Public Trustee, Kingsway, W Capital Aug. 14 129 9 Gross the Jung. 14 179 4 High Yield Aug. 14 179 9 Ungush. Restrated to mark	North A De. Acc C2. 01-405 4300 High Yi 132.71 503 Do. Acc 83.01 1132 Equity I 98.11 10.12 Do. Acc	merican	143 Burkingham Aug. 28 192.6 461 (Accum. Units)	1923 122 123 124 125	ne Aug. 26, 99.7 103.9 — 161-166 Fleet St., London E 9, 36 106.8 112.5 — Monaged Acr. 106.1 and Aug. 26, 109.8 115.6 — Equity Acr. 107.0 5, 101.3 — Gill Plus Acr. 100.7	Co. Ltd. Bridge Management Ltd.
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Financial Times Monday September 1 1980

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TOWNSAM **TEAS TEXTILES** REGIONAL MARKETS REGIONAL MARKE S

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FINANCIALTIMES

Monday September 1 1980



UNION LEADERS WARN THAT SOME MEMBERS WILL BE JAILED

TUC set to sabotage Act

LEADERS predicted general yesterday that the new labour laws were certain to be dis- to break the law at times. obeyed and that trade unionists

would be sent to jail. The warnings came on the so normally," he said. "But eve of the Trades Union Con- when the employer transfers ress in Brighton where some 1,200 delegates are expected to and picket even if we are breakapprove today a campaign of ing the law. We will impose non-co-operation with the conomic sanctions as effectively as we can. Otherwise, trial action where necessary to what's the point of action?"

sabotage the Employment Act. Their hostility is in contrast with the findings of recent limit lawful picketing to opinion polls, which suggest—strikers' own places of work and opinion polls, which suggestas the Government has been shopfloor workers in general do not find the new laws unduly restrictive. ployers not immediately con-A survey published in yester- cerned in the dispute. add further support to the

Government's argument. After a meeting of the big transport workers' delegation, however. Mr. Moss Evans.

Brokers to

combat

changes

at Lloyd's

unions would find it necessary

"When we negotiate with employers we will attempt to do work elsewhere, we will go there

considerably narrow the unions' legal immunity for sympathetic industrial action against em-

According to Mr. David Basnett of the General and Municipal Workers' Union, it was "inevitable" that trade unionists would end up in Jail. Both union leaders went further British manufacturing industry.

secretary, said that than the text of today's motion for the debate by saying that the general council of the TUC should take disciplinary action against unions which took TUC's intention to keep talking advantage of the first clause of

aid for secret ballots. Two other large unions, those of the engineers and electricians, confirmed their dissent from this line of attack on the Act. An attempt to make accept-Mr. Evans was referring to ance of State money for ballots those measures in the Act which limit lawful picketing to expulsion from the TUC was dropped from the agenda 10

> The issue apparently bound to dominate this 112th congress is unemployment. Many unions are now losing members rapidly redundancies, and their officials look with alarm at the possi-bility of serious social unrest accompanying the decline of

Although the Government will be blamed for the present 2m unemployment total, Mr. Evans yesterday confirmed the to Ministers in an effort to get the Act which provides State policies changed. He made it aid for secret ballots. clear that he thought the prospects of any kind of accord with the Government were very poor, and that the only thing that would make Ministers change their minds would be the onset of the next general

election. The customary attempts to draw up an agenda to satisfy all shades of opinion have succeeded on most of the major issues. But there will still be controversy later this week on foreign policy, notably the proposed TUC visit to Poland, and

nuclear disarmament. TUC membership fails, Page 4 Unions face uncertain future, Page 12

monetary policy initiative

SIR GEOFFREY HOWE, the Chancellor, returns to STRONG RESISTANCE by Lloyd's insurance brokers to key proposals of the Lloyd's internal report on self-regulation is expected to surface at meetings

today and tomorrow. The report, prepared by Sir Henry Fisher, a former High Court judge, has angered small and large brokers alike although there is a large degree of division among them as to their

objections. Lloyd's Insurance Brokers' Committee, part of the British Insurance Brokers Association, is seeking views from all brokers at the meeting. It is intended that a report be sub-

mitted to Lloyd's 16-strong ruling committee. The big brokers, called the "broker barons" in the Lloyd's market, object to the Fisher recommendation that the brokers should divest themselves of their links with the management companies underwriting syndicates loyd's. It was suggested that

this was necessary to avoid possible conflicts of interest.

The brokers object because they do not want to lose the revenue that they earn through their association with under-

writing syndicates. The Fisher team drafted Bill for Lloyd's to put before Parliament which would create a new ruling Counci with wider disciplinary and regulatory powers. Divestment was not part of the required initial legislation although some observers outside the broking community argue that it should be part of a new Lloyd's Act.

The smaller broking firms are worried that ther voice will not be heard in the new structure recommended for Lloyd's. Some of the smaller brokers have said that there should be a classifica-tion system for brokers for election to the Council.

If the brokers were elected using categories of size as a form of proportional representation, the smaller firms would be assured of a presence. Another worry that their views will not be reflected at Lloyd's arises because the Lloyd's Insurance Brokers Committee is largely dominated by the big broking

battalions. The smaller brokers fear too that any debate which might have taken place has been disrupted by the fragmentation of what was to be one main meeting of the brokers today. The 265 brokers are now to

be seen, in a last minute change of arrangements, at three smaller meetings. One representative from each representative from each Lloyd's broking group whose name appears in the list of Lloyd's brokers is to be allowed to attend.

Continued from Page 1

China :

capital construction and dehas had its budget slashed by the equivalent of about \$25n. Despite Mr. Yao's claim that industrial and agricultural targets are being met, revenue this year will drop by about Ann. Yet Mr. Wang was able to say that a growth rate of 5.5 per cent in the national economy would be achieved this year because of adjustments in the prices of basic commodities and increases in depreciation

Part of the problem on the revenue side this year are the projections for stagnant oil production. Mr. Yao forecast no increase in oil output this year. The Chinese may well face difficulties in meeting last year's targets because of the slowdown in production at Daqing, the country's main oilfield which is responsible for about 50 per cent of output.

Howe attempts to regain

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Treasury today after a three-week holiday, to be faced with the problem of how the Government should try to regain the initiative in its monetary policy. £9bn estimate in last w Discussion is likely to focus National Institute review. on a statement, or possibly a

series of announcements in late October or early November. The monetary target is due to be reviewed then, prior to its half-year rollover, while the Treasury is due to publish its autumn economic forecasts.

These moves could be com-

bined with any fiscal or monetary action, if that is thought necessary, and with the outcome of the current review of ways in which the Government might more directly tap the personal savings market through new national savings schemes. An announcement about measures to relieve youth unemployment

could come earlier. Major decisions are likely to be delayed as long as possible in view of the confusion created over the past month by the news in the money supply in July and a record £4.5bn of public-sector borrowing between April and

There is particular un and due to be seen by Sir certainty about public-sector Geoffrey at the end of this borrowing. Officials directly week.

believe that borrowing will reduce later in 1980-81 to not far above the £8.5bn level forecast in the March Budget. Their view has been reinforced by the £9bn estimate in last week's

Sceptical

Other advisers are more sceptical and are nearer to the opinion of City analysts, many of whom believe the outcome may be in the range of £10bn

This debate will largely determine whether the Government takes further action to hold down borrowing. Among the likely options are additional fund-raising from the oil com-panies, further sales of public assets, and a tighter squeeze on local authorities.

No decisions are likely to be taken on the monetary side as long as the figures are distorted by the impact of unwinding after the end of the corset controls on the banks. of both a record 5 per cent rise Further switching back of bank operations within the measured money supply is expected to inflate the August figures due to be published on Tuesday week

The main question is the extent to which the Government will ignore the overshooting of its monetary target now occur ring and introduce a new, and possibly tighter target, at this autumn's higher base level.

Most City analysts expect some such adjustment, as long as the underlying monetary rospects look more promising then. Any decision on Minimum Lending Rate is likely to have to wait for at least a month or

In the short term, however Sir Geoffrey will have to de-cide, in conjunction with the Bank of England, about whether, and at what price level, to resume selling giltedged stocks. No new stocks have been issued since mid-July and the calls on the partlypaid stocks run out shortly. The problem is that prices of gilts have been falling steadily in recent weeks and it is not clear where a new price base could

be established. The other major decision, which may not be taken this autumn, is whether to press ahead with suggestions for remonetary control as outlined in the consultative Green Paper

last March. Call to sell public debt, Page 4

Westward bidder in jobs pledge

NEW turn to the Westward Television saga has come with a pledge from one of the two rival bidders for the West franchise area now held by Westward that Westward staff would have their employment guaranteed if it wins the con-

Westward's rival boardroom factions are seeking a judicial decision this week on parts of their row. There have been signs of concern from staff over the length of time the dispute is taking as the company reaches a decision over the future of the West Country

Mr. Simon Day, chairman of West Country Television, said that "in recent weeks we have been approached by a number of people working for Westward expressing concern about the future. I understand that the present management of Westward has suggested that, should the franchise not be renewed, all the employees would lose their jobs. "I should like to make it

this is not so. The present staff of Westward have the skills and abilities to bring about the improvement we want to make in the television service. Mr. Day said that if WCTV employment " to all the present staff not involved in policy making and, as far as senior

management is concerned, we would wish to talk to them on an individual basis." At the same time Mr. Day said if WCTV were awarded the franchise it would seek to take over the Westward pension scheme and preserve the service rights of members.

Mr. Peter Cadbury, the former chairman of Westward launched a bitter new attack on the men he wants to oust from the top of his former

company at the weekend. In a personal letter to staff he accused the new management of runaway spending which, he said, could endanger the whole economic foundations of the company. He said they had allowed the clear that as far as West costs of a prestige costume

Country Television is concerned drama about Sir Francis Drake to soar from an initial budget of £144,000 to more than

Mr. Cadbury also attacked Westward's managing director Mr. Ronald Perry, over his won the contract it would offer attitude to a proposed new employment "to all the present management structure for the He warned that spending by

Westward on the legal wrangle for control of the organisation had reached "a dangerous

Mr. Cadbury's move came in advance of this week's appearance by both sides before Lord Justice Dillon to try to sort out the row over conflicting calls for a shareholders' meeting to discuss the dispute.

The majority of the present Westward board, headed by Lord Harris, wants the meet-ing to be held on October 17. But Mr. Cadbury and his supporters want it to take place on September 10, and he warned in his letter that to wait until October could threaten the company's economic foundations.

News analysis, Page 6

Poland Continued from Page 1

other agreements were to be reach understanding . . . Our strikers, however, was that the

Compromise was reached on some points, including maternity leave with full pay. The strikers years, but it was set at a year on full pay and two years on

Strike leaders said they zine Solidarity would now be understood that the implement he trade union newspaper. tation of some programmes, including an increase in the number of free Saturdays, national television, and millions would be delayed until next of Poles had their first view

leader addressed the 700 dele- suit. gates in the Lenin Shipyard conference hall. It was the first sidered the agreement a victory, time Mr. Jagielski had entered

"These talks were difficult and required great effort. We wanted to understand your intentions," he said. "This confirms what Mr. Walesa said that, if a Pole is sincerely trying to talk to a Pole, they can always

accord is a great thing but the best guarantee for its success Communist Pa will be your work. Work will be in the nation. the best evidence of your had said this should be three patriotic intentions and your service to the people of Poland." Mr. Walesa announced after alone and started to strangle the signing that the strike maga- the Polisha economy.

The signing of the Gdansk agreement was later shown on the agreement. Both he and Mr. of Mr. Walesa who was dressed The Minister and the strike in a teeshirt and crumpled grey

The Gdansk strikers conwhile voicing misgivings about whether the authorities would respect all its stipulations. The new trade unions, allowed to function fully in keeping with the agreement, would be siamilar to those in

A point accepted by the

unions were not to challenge the Communist Party's leading role The stoppages in July and ugust brought out 200,000 workers in the Gdansk region

Mr. Jagielski told strikers' delegates there had been "winners and no losers" from

David Satter writhe from Moscow: The Soviet Union yesterday withheld comment on the decision but the Polish Communist authorities were criticised for "poor leadership." The Communist Party news-paper Prayda quoted Mr. Gus Hall, leader of the tiny, pro-Moscow U.S. Communist Party, as saying that the strikes had taken place because of "weak-ness of leadership" and "dis-

tortions of socialist method and

Labour Right accuses **NEC**

By Richard Evans, Lobby Editor

NEW PHASE in the Labour Party's bitter internal struggle for control opens today with an accusation from the Right-wing that the National Executive Committee poses the gravest threat to the unity of the party and to the re-election of a Labour The battle will continue

openly at the TUC at Brighton this week and will come to a head at the party conference in Blackpool at the end of the There are ominous signs

however, from the final agenda of the party con-ference published yesterday, that splits run so deep on a number of issues that, no matter what the outcome of conference debates on the key constitutional issues, the arguments will continue. Both party wings will be

actively seeking support this week from the trade unions, whose votes will largely determine not only the constitutional issues but the future composition of the NEC, which moderate Labour leaders believe holds the key to party unity.
The latest attack on the

NEC comes from the Cam-paign for Labour Victory, a right-wing pressure group backed by more than 100 MPs. It argues in a special TUC issue of its journal that the electorate will never vote for a party dominated by hard-Left personalities and

Without naming Anthony Wedgwood Benn or his suporters, but leaving no doubt about its target, the CLV says "The arrogance of this faction's continued efforts to impose its own will on the Labour movement is hard to bear." The article is written in angry erms that illustrate the continued bitterness of the internal feuding.
It urges trade union leaders

to ensure three or four changes of membership on the NEC, particularly in the women's section which has a strong Left-wing majority, in order to restore the balance. Right-wing leaders say such changes could take place this year, although similar hopes have been dashed on many previous occasions.

The final conference agenda no surprises, contains it confirms the although NEC's determination to seek major constitutional changes on the drafting of the party manifesto, the method of electing the leader, and the mandatory re-selection
MPs in each Parliament.

Weather

UK TODAY PRESSURE will be high to the South and troughs of low pressure will affect the North London, E. Anglia, E. and W.

Midlands, E., C.N. and N.E. England

Some early fog patches.
Mainly dry, sumy periods
developing. Max. 24C (75F).
S.E. and C.S. Eugland,
Channel Islands Mainly dry, sunny intervals developing. Max. 24C (75F). S. and N. Wales, N.W. England,

Lake District, I. of Man, S.W. Scotland Mainly dry, coastal fog patches and drizzle. Sunny intervals developing. Max. 21C

Outlook: Rain in the North-west, spreading Southeast, followed by brighter weather

WORLDWIDE

Į	Algiers	S	33	91		F	18	64
1	Amsdm.						13	55
١	Athens	S	. 28	82	Luxor -	Ş	38	100
1	Bahrain	s	36	97		S	31	88
	Barçine,		-4	79	Majorça		29	84
ı	Beirut	S	29	84		S	27	81
1	Belfast	C	17		Malta	5	29	84
ı	Belgrd.	C	23	73			17	63
ı	Berlin	C	17		Melbna.	C	13	55
ı	Biarritz	C	21	70		S	30	88
ı	Brighm.	Ç	18	64	Mntreal,	С	24	75
ı	Black1.	S	17		Mascow		17	63
ł	Bordx.	F	22		Munich	С	14	57
ł	Boulgn.	Ç	16	61	Nairobi	·S	23	73
ı	Bristol	Ċ	18		Naples	F	27	81
ı	Bruasels		15		Nwcarl.	C	15	59
Į	Budpst,	R	17		N. York		25	77
1	B. Aires	S	21 33	71		S	26	79
ı	Cairo	S	33	92		S	19	66
ı	Cardiff	C	18	64		F	17	63
I	Cas'b'ca	S	28	82	Paris	F	19	66
ł	Cape T.	C	16		Perth	Ç	18	64
ı	Chicago	R	22		Prague	С	17	63
ı	Cologna.		17	. 63		C	13	55_
ı	Conhan.	R	13		Rhodes	С	25	77
ı	Cottu	5	28		Rio J'o	Ş	25	77
ı	Doblin	F	18		Rome	F	27	81
ŧ	Dbrvak.	F	25	77	Salzbrg.	C	14	57
ı	Ednogh,	S	18	64	Singapr.	C	29	85
ı	Faro -	S	28	82		F	15	59
Į	Florence	Ç	_16	61.	Strasby.	R	15	59
1	Funchal	8	26	73	Sydney	Ç	25	77
1	Geneva	Ç	16	61	Tangier	Š	35	95
I	Gibritr.	S	25	77	Tahran	S	27	80
ľ	Glasgow	F	17	63	Tel Aviv		29	84
1	G'rnsey	<u>s</u>	17	63	Tenerife	S	26	79
Į	Heislaki	F	13	55	Tokyo .	C	22	73
ł	H. Kong	R	28	82	Toronto	Č	25	77 .
ł	invmsa.	č	19	66	Tunis	s	31	88
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ı	Jersey	F	17		Venico	Ċ	21	ַסק
1	Jo'burg	č	19	68	Vienna	Č	18	64
l	L. Pims.	Š	26	79	Warsaw	F	20	68
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THE LEX COLUMN

Gilt-edged market loses its poise

Almost a month after the July banking figures were published, the gilt-edged market has still not recovered its poise. The ground briefly regained as a result of official support for the market has been lost again, and prices are slightly lower now than they were in the immediate aftermath of the figures. Yet evidence of recession in

the economy is clearer and more widespread than ever. The giltedged market took no notice of the steep fall in ICI's profits last Thursday, and although today's CBI survey—showing that in a quarter of industrial sectors more prices are falling than rising (nationalised industries need not apply)-may do something for sentiment, it has become clear that recession alone is not enough to move interest rates down and bond prices higher.

The trouble is that while public borrowing needs are rising with the fall in economic activity, the private sector's demand for credit has not appreciably eased. A year ago seemed reasonable to assume either that sterling would fall, or that wage increases would slow markedly: one way or the other, the competitive position of manufacturing industry would right itself, its financial

position improve and its need for new borrowing fall. Optimistic forecasts of a decline in bank lending assumed that profit margins would not go on shrinking. As it is, they have borne the brunt of the adjustment. Wages may now be starting to respond, but it is rather late in the day.

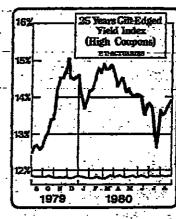
Overstocked

Manufacturers' attempts to bolster their cash position by de-stocking have so far been inadequate. Demand in some siderably still find themselves public borrowing to fund.

overstocked.

The traditional ritial

market's single-minded occupation with sterling M3. that the August figures will be bad—showing perhaps 3 per to stay within it. But no one exchange markets. which has the effect of boost- some restraint in the matter of



ing domestic credit, has hardly Sterling M3 may have been dislodged from its pinnacle, but the market has not found anything else to steer by. The most likely candidates are public borrowing and wages—both to some extent unsatisfactory guides—since it is difficult at this stage to make sensible predictions about this year's public sector borrowing re-quirement (other than that it will overshoot), and the shape of the wage round-will not become evident for several months. Public sector pay is clearly the key, yet the market has been taken in so often by official declarations of implac-able determination that it is

trust this year. Worst of all is the uncertainty about what the Government Broker is up to. It is not just a question of day-to-day tactics the entire funding programme is up in the air along with the monetary targets. No new stock has been supplied for nearly six weeks, and the long list of calls on partly-paid issues is at last nearing an end. At the same time, with the exception of the September banking sectors has been falling so fast that even companies which have benefit of petroleum revenue slimmed down inventories considerable still first three is a lot of siderable still first three is a lot of siderable still first three is a lot of siderable still first three siderables.

unlikely to take too much on

The traditional ritual would The difficulties of interpret- involve a short bloodbath in the ing the present position are gilt-edged market, the slashing compounded by uncertainties of prices on an existing tap surrounding the conduct of stock (the 1991 stock is now monetary policy. The fiasco of nearly six points clearer at its the recent banking figures has last official price) and the issue to some extent destroyed the of a mountain of new bonds. This time, things are rather different partly because of giltedged calls, partly because of the increase in oversess portfolio investment, institutional cent growth—and that the liquidity is not high. The issue target range is likely to be reof new stock would only increase based at a level so high that the Bank of England's problems the authorities might contrive in the money market, where it has been struggling to keep seems to care very much. It is rates below the levels at which noteworthy that recent inter- the clearing banks might start vention in the gilt-edged and talking of raising base rates. So the authorities may show

money markets become easier. Nevertheless, the investment institutions seem to feel there is no great rush to buy, on the principle that plenty of stock will eventually be made available around present yield levels.

Experience suggests this view is probably right, unless the foreigners come in again and push the market up. But foreign buyers may be somewhat dis-enchanted with the gilt-edged market after the last month's

It is always possible that the Government might change tack completely. But the major policy alternatives—an increase in personal taxation, or a cut in administered interest rates perhaps accompanied by a wages policy—still look unlikely, and the chances are that the authorities will simply soldier on waiting, like the gilt-edged market, for the fall in corporate activity to show through in the bank lending figures.

TV contractors The share price performance

of Westward Television over the past mouth has effectively squashed the old adage that TV contracting represents a licence to print money. It has outperformed the market by around 10per cent on speculation that boardroom rows will threaten its chances of obtaining a franchise renewal at the end of this year. The company may be worth more dead than alive.

All contractors will certainly be facing a severe profits squeeze when the second ITV channel opens and the new franchises become effective in 1982. The Independent Broadcasting Authority has estimated the rental increases for all the companies and, in the case of London Weekend, the bill will go up by around two-thirds to £3.6m. On top of that, it will need to find about £8.7m for its initial FTV 2 subscription, Last year pre-tax profits were a shade over £5m.

The contractors will, however, be able to offset most of the subscription cost against the levy they pay to the exchequer A recent study by Hedderwick the added rental and subscrip tion costs will cause London Weekend a net profits reduction of £3.4m in 1982. Yet almost all the companies are backed by strong liquid assets so, with the prospect of sizeable advertising revenue building up from ITV 2, they should be able at least to maintain dividends. One consolation for the existing contractors is that, with the new channel and even breakfast television in the pipeline, the IBA may not want too many upsets at fran-

£50,000 £500,000

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